# THE CHINA WEEKLY REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

*June 29, 1940*


## French Collapse Reacts on Shanghai

An Editorial

## Nanking Gropes for Power

## Modern Mongol Heroines

BY C. Y. W. MENG

## The Hitler Armistice

## Cotton—Shanghai's Key Industry

By John Ahlers


VOLUME 93 PRICE 50 CENTS (in China) NUMBER 5

HONGKONG SHANGHAI TIENTSIN

CANTON SWATOW FOOCHOW CHANGSHA HANKOW

CHUNGKING KUNMING ICHANG WENCHOW NINGPO

# WILLIAM HUNT & COMPANY

"AFFILIATES"

HUNT ENGINEERING CORPORATION

HUNT STEAMSHIP CORPORATION

WILLIAM HUNT & COMPANY
(WHARF & GODOWN ADMINISTRATION)

CHINA FOREIGN TRADE CORPORATION

CHINA FOREIGN ASSURANCE CORPORATION

NANYANG BROTHERS TOBACCO COMPANY, INC.

CHINA CORPORATION

NEW YORK BUFFALO LONDON

# What People Are Saying

**Comments from readers on current topics are cordially invited; their opinions, however, do not necessarily represent the views of *The China Weekly Review*.**

## EDUCATION FOR WOMEN

*To the Editor:*

My mother died when I was only 13 years ald, and so I did not long have the fortune of enjoying the privilege of a mother's love.

Brief though the years were during which I was under my mother's care, the impression that I gained during this brief period was strong enough as to be a vital factor in the subsequent formation of my personal character.

I remember my mother as a kind, tender-hearted, patient mother to her children of whom I am the eldest, and even in my very tender years I had an impression that she was an ideal wife to her husband—my father; devoted to him, deeply interested in his welfare, and one of the best housewives.

If the present modern life has its benefits for our women in giving them higher education, it has also its handicaps in that it does not generally make ideal mothers whom I saw in my younger days; as with modern social life young mothers of to-day are too preoccupied with social duties to the neglect of the real welfare of the home and the children. And yet, how great is the duty of a mother to the children and to the generations that are to come.

The old English proverb which says, "The hand that rules the cradle rules the world," is certainly worth our attention, for as a country is made up of the people, and therefore the condition of the country, physical, mental, moral, depends upon the development of the life of the individual, the destiny of a race depends upon the way the mother brings up her children.

Since, therefore, the proper bringing up of our citizens rests primarily upon the mother, in as much as the first impressions a child receives in its formative period comes from that source, too much emphasis can not be stressed upon the education of our future mothers.

If we examine the situation in this light, then our educational method must be revised. The present system of identical education with man certainly is not desirable for the training of good mothers.

When God created women as different from men in physical and mental constitution, He certainly purposed that women should have different functions in life. They are not to compete, but rather to cooperate with, and complement each other in their life work, each according to his or her own fundamental nature and gift. Since ninety percent of our women students expect to marry and become wives and mothers, the prime demand of women's education is in making them good house-wives and mothers, rather than clever politicians or technicians.

By this I do not object to a woman having as high education as a man but her education should be of a more refined as well as domestic in nature. She must study domestic science, and such studies as will make our Chinese homes sweeter and more attractive to husband and children, so as to produce a wholesome atmosphere conducive to happiness, optimism and harmony, three vital factors in the making of good citizens and a strong nation.

CHINESE EDUCATOR

Shanghai
June 25, 1940.

## SOCIAL CLUB

*To the Editor:*

With considerable astonishment we learned, in your issue of June 15, under the caption "ANOTHER JAPANESE SPONSORED GAMBLING HOUSE OPENED IN SETTLEMENT" you stated that the group of Chinese claiming the protection of the Japanese and the new regime had opened a gambling house at 82 Yates Road, the house bearing the sign "Finance Investigation Society".

You added that "Trucks were observed unloading roulette wheels and other gambling paraphernalia in the compound."

As the news is entirely unfounded, incorrect and published by you in spite of the fact that it had been established as a social club, we now insist that you immediately publish any authority or evidence in your possession to corroborate your libellous statements, which are deeply resented and indignantly repudiated.

We demand a full retraction and apology in your next issue, failing which we regret that we shall be compelled to have recourse to a Court of Law. Members and officials are astounded that a paper of your standing should print unfounded and libellous rumours without the slightest verificaction.

Y. TORIKAWA

Y. Torikawa,
Finance Investigation Society,
(Sino-Japanese Commercial Association)
82 Yates Road, Shanghai, China.
June 19, 1940

**Editor's Note:—There was a brief reference in last week's issue of "The Review" to the fact that the "Finance Investigation Society," No. 82 Yates Road, International Settlement, had aroused the suspicions of the police authorities. It was reported that a cordon had been maintained about the premises for sometime in the belief that it was planned to open a gambling house there.**

## GOLD DEPOSITS

*To the Editor:*

From recent news reports and radio broadcasts one frequently hears that the Axis Powers are going to claim the gold deposits and/or securities, wherever they may be held, belonging


THE CHINA WEEKLY REVIEW

Cable Address "REVIEWING SHANGHAI"

J. B. POWELL, *Editor and Publisher*

C. FRANK GLASS and HOH CHIH-HSIANG, *Assistant Editors*

F. K. CHAO, *Business Manager* TRYPHON V. KU, *Advertising Manager*


## Index for June 29, 1940

### Editorial Paragraphs


Collapse of France Precipitates Critical Situation Here ..... 151
Factors Behind the Embargo on Machinery ..... 158
Britain, France Carry Out Strategic Diplomatic Withdrawal In Face of Japanese Pressure ..... 161
Secretary Hull Prepares Democracy for Dark Days ..... 163
Britain Faces Germany Alone as the Bordeaux Regime Signs Separate Armistic with Axis ..... 164
Franco-German Truce Terms Belie Forecast of "Honorable Armistice" as Reich Gets Revenge for Years of Versailles 165
F.D.R. Warns Youth on Nation's Future ..... 166


### Special Articles


King Cotton in Shanghai Follows the Fortunes of War ..... *By John Alhers* 159
Two Princesses Hold Mongolia Against the Enemy ..... *By C. Y. W. Meng* 167
Pan-American Emergency Meet To Discuss Cartel, Colonies .. 172
Nanking Seeks More Power from Japan as Sino-Japanese Peace Rumors Spread ..... 175


### Departments


What People Are Saying ..... 149
Outstanding Events in the Sino-Japanese War ..... 178
Who's Who in China ..... 179
Men and Events ..... 180
New Books of Interest in the Far East ..... 183



PUBLISHED AT NO. 160 AVENUE EDWARD VII, SHANGHAI, CHINA, BY MILLARD PUBLISHING COMPANY, INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE, UNITED STATES OF AMERICA. YEARLY SUBSCRIPTION, FIFTY-TWO ISSUES, TWENTY TWO DOLLARS (CHINESE CURRENCY) IN ADVANCE, POSTAGE INCLUDED IN CHINA AND JAPAN. ADD $3.00 TO COVER EXTRA POSTAGE TO HONGKONG. SOUTH SEAS FIFTEEN DOLLARS STRAITS CURRENCY. IN THE UNITED STATES AND FOREIGN COUNTRIES EIGHT DOLLARS U.S. CURRENCY. REMITTANCES FROM OTHER COUNTRIES THAN CHINA AND THE U.S. CAN BE MADE BY INTERNATIONAL MONEY ORDER. ENTERED AS SECOND-CLASS MATTER IN THE CHINESE POST OFFICE AT SHANGHAI IN MAY 1917.

CONTENTS OF PREVIOUS ISSUES OF THE CHINA WEEKLY REVIEW MAY BE FOUND IN THE "INTERNATIONAL INDEX TO PERIODICALS." COPIES OF WHICH ARE ON FILE IN MOST STANDARD LIBRARIES. COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTISING IN CHINA OR ABROAD SHOULD BE ADDRESSED TO THE CHINA WEEKLY REVIEW AT 160 AVENUE EDWARD VII, SHANGHAI, CHINA, TELEPHONE 14741. CABLE ADDRESS "REVIEWING SHANGHAI."



ALL EDITORIAL, TEXT AND OTHER MATERIAL IN THE WEEKLY ISSUES OF THE CHINA WEEKLY REVIEW IS COPYRIGHTED UNDER CERTIFICATE OF REGISTRATION NO. 9553 ISSUED BY THE MINISTRY OF INTERIOR OF THE NATIONAL GOVERNMENT OF THE REPUBLIC OF CHINA.

to those States which have been victims of their deliberate aggressions. Personally, I think it is now high time for the U. S. Government to make known to the World, the important fact that as most of the gold holdings etc. are now deposited in America, the United States Government lays claim to these holdings and securities in lieu of the war debts or indemities all the Powers who owed her and remained unsettled from the last war. This would legally solve this question to the satisfaction of all, victors as well as the vanquished, of the present conflict.

T. H. HO.

Shanghai, June 21, 1940.

## GREAT STATESMAN

*To the Editor:*

America, last year, denounced its commercial treaty with Japan. Now, President Roosevelt has enforced the embargo on certain war materials and has notified Japan that henceforth none of the specified materials will be sent to belligerents. Though applied to all countries, Japan is most seriously affected, because Japan is dependent upon the United States for such articles.

It would have been better if the embargo had been enforced earlier, but, after all, America has done what the other democracies have not done and probably would not dare to enforce. It proves to the Chinese people that President Franklin D. Roosevelt is really the greatest statesman that America has ever had, because no other statesman has possessed wisdom and courage equal to that which he has displayed.

Whatever reaction the invader may take with regard to the embargo, America need not worry about it. But she must prepare to deal with the invader by force if necessary because force controls the Far Eastern world and little else counts.

MU WEN-FU

Chungking,
June 6, 1490.

## PROMULGATE!

*To the Editor:*

It was hard for me to find a word "promulate" from any of the known dictionaries, which appeared in **The China Weekly Review,** June 15, Page 98, 4th line from top. I suppose the word meant was "promulgate," hence I hope you will relieve my anxiety and inform me whether it was wrong or not. I await your kind reply.

MOON AU-LIONG

Shanghai, June 17.

**Editor's Note—The word intended was "promulgate," but was spelled incorrectly and missed in the proof. The sentence should have read, "The Monroe Doctrine was promulgated during the administration of the sixth U. S. President, forbade 'foreign' acquisition of any territory in the Americas by direct conquest."**

## EASTERN QUESTIONS

*To the Editor:*

Please excuse me if I cannot send the amount of my subscription at once because it is difficult to remit from Brazil too. I will have a friend remit to you, but please send the paper because I am deeply interested and concerned with Far Eastern affairs and am sure your paper will keep me informed. I wish to obtain all information on China and Japan.

W.D.F.

Rio Gr. de Sul, Brazil
May 18, 1940.

## POPULAR SONG

*To the Editor:*

In the May 26 issue af **The Review,** I read with great pleasure the song composed by Mr. Anson C. Cha, principal of the Provincial Second Middle School.

Being a reader of **The Review,** may I freely express my opinion as requested?

The song as a whole is a very good one though the rhyme in the third line does not seem quite satisfactory.

Nevertheless, Mr. Cha is to be congratulated upon his success in composing a song so good—so popular in his school.

M. T. Y.

Ancient Lungchüan,
Kiangsi, June 15, 1940

### NATIONAL CITY BANK OF NEW YORK

**Rates of Exchange, Shanghai, June 27, 1940**

Demand selling rate on New York: U.S.$1.00—Sh.$16.49

Demand buying rate on New York: U.S.$1.00—Sh.$16.16

Demand selling rate on London: £1.0.0—Sh.$61.93

Demand buying rate on London: £1.0.0—Sh.$60.00

### AMERICAN STOCK AND COMMODITY QUOTATIONS

**June 26, 1940**

*STOCKS*

| | |
|---|---|
| Amer. Locomotive | 12¼ |
| Amer. Waterworks | 8⅝ |
| Anaconda Copper | 20⅛ |
| Bethlehem Steel | 72⅞ |
| Chrysler | 60¾ |
| Elec. Bond & Sh. | 5⅞ |
| Gen. Motors | 42 |
| Goodyear T. & R. | 14⅜ |
| Gt. Nthrn. Rly., pfd. | 20¾ |
| Lockheed Aircraft | 23⅝ |
| Mont. Ward | 37½ |
| N. Y. Central | 11⅝ |
| Texas Corp | 37⅛ |
| U. S. Steel | 50⅞ |

*COMMODITIES*

| | |
|---|---|
| New York Cotton, July | 10.26/27 |
| New York Rubber, July | 21.60/60 |
| New York Hides, Sept. | 10.25/26 |
| Chicago Wheat, July | 78⅛/78 |
| Chicago Corn, July | 60⅞/60⅞ |
| New York Sugar, No. 4, Sept. | 0.98½B/99½A |

*B—Bid. A—Asked.*

TYPEWRITERS, AUTOMOBILES Bought, Sold, Rented, Repaired & Rebuilt, HERMES BABY Dealers, Bartlett Yung Co., 132 Kiangse Road, Tel. 11875, Garage End of lane 749 Yu Yuen Road, Tel. 20349.

Subscribe to
THE CHINA WEEKLY REVIEW
$22.00 per year

For Fast and Efficient Radio Telegraph Service to all Parts of the World Send

RADIOGRAMS

"Via RCA"

RADIO IS A FAST AND RELIABLE MEDIUM FOR ALL TELEGRAPHIC COMMUNICATIONS. IT HAS BROUGHT ABOUT RATE REDUCTIONS AND INAUGURATED NEW CLASSES OF SERVICE TO MANY COUNTRIES....

In CHINA file your messages "RCA"

(R.C.A. Communications, Inc.)

R. C. A. Communications, Inc.

(A Radio Corporation of America Service)

*Head Office for China:—*
Sassoon Arcade
Shanghai
Tel. 12558

AGENCIES:—
Tientsin: 65 Consular Road, Tel. 31430.
Hongkong: China Building.
Hankow: Harrisons, King & Irwin Building, Tel. 21771.

THE CHINA WEEKLY REVIEW
密勒氏評論報
中華郵政特准掛號認爲新聞紙類
Registered at the Chinese Post Office as a newspaper for transmission with special marks privileges in China
Vol. 93 Shanghai, Saturday, June 29, 1940 No. 5

# COLLAPSE OF FRANCE PRECIPITATES CRITICAL SITUATION HERE

THE capitulation (or collapse) of France to Nazi aggression in Europe has precipitated a somewhat similar capitulation of French interests in the Far East to Japanese aggression.

French capitulation to the Japanese has been marked by developments of startling significance in Indo-China and at Shanghai. Details of the developments in Indo-China appear elsewhere in this issue, but the local newspapers have published comparatively nothing about recent startling developments in the Shanghai French Concession which are of direct interest to foreigners of other nationalities, particularly Americans, Britons and Russians, as well as large numbers of Chinese.

*Shoemaker in Chicago Daily News.*

The complete story of the capitulation of France is yet to be told and it probably will not be a pretty story when it is told. Some hint of what was going on in France in the critical weeks and days, prior to the capitulation, have indicated that the country was on the verge of revolution—otherwise, what was the explanation for the whole sale arrests and executions of so-called leftists, even including members of the national legislature? The group in control of the Government, which negotiated the deal with Hitler was, in the opinion of informed American correspondents, the most reactionary and —possibly—corrupt that has functioned in France in many years. Some go to the extent of alleging that it was Hitler's promise to protect certain types of major industries including the armament trust—that caused Marshal Henri Petain to accept a Nazi dictated peace, rather than face the consequences of domestic revolution.

The fact that France has been bottled-up so far as actual news is concerned, since the capitulation, has made it impossible for outsiders, particularly at this distance to obtain any definite information as to what is going on inside the country or what the masses of the French people think about the deal with Germany. The fact that developments looking toward the formation of a government outside France are rapidly taking place, indicates that there are Frenchmen who do not approve of the Nazi deal which looks more like an alliance than the relations of victor and vanquished.

## Still Small Voice

*Daily Mirror, London.*

One wonders whether similar developments are taking place in the local French Concession? For years it has been locally declared that "the French would be the last to give up their Concessions!" But the hollowness of such statements is now apparent. One wonders about actual conditions in the Concession; how it has been administered and by whom? Recent developments concerned with the operation of the slot-machine racket and the situation in the "Blood-Alley" section which preys on sailors visiting these shores are not calculated to create confidence in the actual administration of the Municipality.

On Tuesday of this week, the French forces suddenly were withdrawn from the extra-settlement roads extending from the Ziccawei district where the Catholic schools, orphanages, workshops, Church industrial institutions and the famous Observatory are located, to Rockhill Avenue where large numbers of American and other foreigners reside. This extensive area adjoining the French Concession has been patrolled by the French military and police since 1937 when the Japanese first invaded this section of China. The district was immediately occupied by Japanese-officered Chinese gendarmes similar to those which control the badlands area adjoining the western borders of the International Settlement.

Whether the taking-over of this area adjoining the French Concession by Japanese-controlled forces will be followed by an invasion of the district by the gambling, opium-smoking and heroin-dispensing joints which infest the badlands area, which also is controlled by the Special Service Section (SSS) of the Japanese Army, is not yet known.

It also was reported on Tuesday of this week that the local "appeasement" policy, so suddenly decided

upon by the local French authorities following the capitulation in France, would also include surrender of the Second Special District Court, which functions in the French Concession. This court, which decides all cases concerning Chinese citizens in the French Concession, is theoretically under the Kiangsu provincial High Court, affiliated with the Chinese Government at Chungking. The local puppet officials and the Japanese authorities have long demanded control of the two Chinese courts which function in the foreign-administered areas. Aside from the control which these courts

"Who Goes There?"

*Chicago Daily News.*

exercise over Chinese interests, the Japanese desire their transfer to the puppet administrations because of considerations of "face."

Although there has been no official statement from French sources, the headquarters of the local Japanese expeditionary forces have confirmed the "friendly understanding" whereby the Japanese assumed control of the extra-settlement areas. According to the account in *The China Press*, the Japanese Embassy spokesman asserted (Monday) that the local French Commandant had made the suggestion for the transfer of authority "on his own initiative" last Sunday (June 23) and "as a result a friendly understanding was reached between the two parties and the transfer of the sector was effected Tuesday morning (June 25)." The Japanese Embassy spokesman asserted that the Japanese have no intention of assuming administrative authority over the French Concession, which, allegedly, was not affected by the transfer of the Ziccawei territory. The French authorities refused to issue a statement on the subject, but indignantly denied that they had "retreated" from the Ziccawei sector. One of the French officers said, "We took it over temporarily in the first place, and now we have decided to leave it." He said that a small French outpost had been left to guard the Ziccawei French Monastery.

These developments have created considerable apprehension not only among foreigners of non-French nationalities, but also among thousands of Chinese who resides in the Concession and up to the present have considered themselves safe against persecution or worse at the hands of the Japanese or their puppets. The fact that considerable looting of Chinese residences in the Ziccawei district took place immediately following the withdrawal of the French forces, was followed by an exodus from the extra-settlement district into the International Settlement. It also was reported that large numbers of Chinese residents of the French Concession were moving into the International Settlement this week.

While population figures regarding the French Concession were not available when these paragraphs were written, it is known that the non-French foreign population (even excluding Russian emigre colony) greatly outnumbers the local French population. Most of the 3,000 to 4,000 Americans in Shanghai reside in the French Concession, in the vicinity of the American School and Community Church on Avenue Petain, or in the large apartment buildings and hotels in the vicinity of the French Club, such as Cathay Mansions and Grosvenor House, owned by the Sassoon interests. The French Club—Cercle Sportif Francais—was built on land which was confiscated from the Germans in the first World War. It was previously known as Verdun Gardens and was used by the Germans for recreational purposes. Most of Shanghai's Russian emigre population—numbering about 25,000—reside in the French Concession and immediately will be affected by any further extension of French "appeasement" policy. Recently the Japanese military authorities have been trying to exercise political control over the White Russians, through a new Russian Emigrants' Committee which the Japanese militarists have set up in the Hongkew area. The Russian officials of the older emigrants' organization, had resisted Japanese efforts to oust them from control, but recent developments may have changed the situation affecting Russian residents of the Concession, due to the apparent policy of the local French authorities to submit to Japanese pressure.

There were rumors in circulation this week that non-French residents of the Concession, including Americans, Britons and possibly Russians and French residents opposed to the appeasement policy, might confer on protective measures to be adopted in the event a further extension of Japanese or puppet control inside the Concession takes place.

While there might not be profound opposition to a surrender of certain administrative functions of the

Pen of Peace (Or War?)

*Russell in Editor and Publisher.*

Concession to a properly constituted and recognized Chinese Government, this would not apply in the present circumstances as the assumption of control in the Concession by the present Japanese-puppet set-up probably would be followed by the inauguration of gangster-rule similar to the situation in the badlands where actual political control is exercised by proprietors and hangers-on of gambling dens, opium-smoking joints and heroin-dispensing denizens of the underworld, all of whom profess allegience to the Wang Ching-wei administration in Nanking.

That the status of the French Concession is overshadowed by a large question mark is obvious. While the local French residents sent a telegram on Sunday to the

**Anti-foreign leaflet allegedly circulated by the publicity department of the Wang regime at Nanking. The Chinese text at the upper right states that the British and French governments "are moving their capitals." The figure, representing a Frenchman, is saying that his country is moving its capital to Hanoi, while the Briton is saying that the capital of Great Britain is being moved to Calcutta. The Nazi flag adorns the dome of the British administration building.**

Bordeaux Government "expressing their desire for a close union between the two Allied Empires for the continuation of the struggle, which they are ready to support with all their personal and material resources," it is not yet certain where their allegiences rest—with the France which apparently has accepted Nazi overlordship, or the French National Committee which is being organized in London and which is expected to embrace most of the overseas interests of the Empire. Should Hitler succeed in defeating Britain and dispersing the French National Committee, he naturally would dispose of French overseas interests, including the Concessions in China and colonial interests in Indo-China and elsewhere. But the situation is not so clear as that, because Japan already has intervened in Indo-China and is bringing pressure here. Recently, when a Japanese military officer was questioned regarding the concentration of unusually large forces in the Nantao area, adjacent to the French Concession, the officer replied, in laughing manner, "to prevent the Nazis from taking it over." The Japanese spokesman, when asked whether Japanese military pressure in French Indo-China was being exercised in accordance with an understanding with Hitler, replied in the affirmative. It is realized, however, that regardless of what disposition of French colonial interests in Asia Hitler may have decided upon, it would have little weight as Japan has always regarded the elimination of European interests from Asia as fundamental Japanese policy.

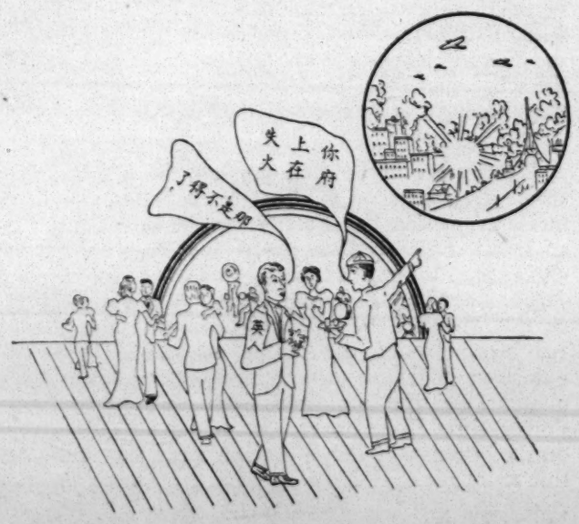
When the Tokyo-Berlin Axis was originally announced it was reported that it involved a "division" of Japanese-German interests beginning in the Netherlands East Indies, under which Japan was to have control of all European (and American) colonial interests north of Singapore, and was to have unrestricted access to the resources of the Netherlands' island possessions.

A further element in the final disposition of the local French Concession, suggested this week, was that it might be taken over by the Italian military forces now in Shanghai, perhaps in accordance with an understanding between Mussolini and the Bordeaux Government. That the French authorities here, without the support of a home government, will not be able to maintain the integrity of the Concession appeared obvious, in view of dissenssion which is beginning to develop among the French leaders.

The Shanghai French Concession dates back to the Franco-Chinese treaty negotiated by Consul de Montigny in 1848. The French Consul alleged that the land embraced in the present French Concession "was greatly desired by the American and Belgian consuls," hence he demanded that the Chinese official, Wu Taotai, make an immediate grant of the area to France. According to "Historic Shanghai," by C. A. Montalto de Jesus, published in 1909, the Concession was granted by Lin Taotai on April, 6, 1849. The British Consul, Mr. Griswold, protested against the French Concession, but it had no effect. When the Americans were unable to interest Washington in recognizing an American Concession in the Hongkew district, they finally merged their interests with the British, thus laying the foundation for the curious international character of the present International Settlement. The French Consul insisted that maintenance of individual concessions were necessary in order "to avoid conflict in consular jurisdiction amidst international complications." Representations were frequently made to the French that their Concession be merged with the International area, but they were always declined.

Present uncertainties concerning the security of the foreign-administered areas was responsible for the publication in the American-owned *Shanghai Evening Post and Mercury* (June 19) of a "plan for the development of Shanghai as a political and economic municipality under international protection and control" The anonymous author of the plan added in parenthesis the afterthought that "international protection and control included Chinese participation."

The "plan" which has been dragged out in various forms by certain foreign interests on occasions of local crises dating back as far as the Taiping Rebellion, did not have any better luck this time as it aroused the immediate opposition of local adherents of Chungking, who




**This Anti-foreign circular depicts a Briton at a dance-hall being told by a waiter "that his home is on fire." The Briton is saying, "What shall I do?"**

labeled it a Japanese invention. The Wang Ching-wei puppet administration at Nanking was equally vociferous in charging, by a process of elimination, that the plan for the internationalization of Shanghai, was an "American invention." The Wang Ching-wei organ, *Central China Daily News* declared tht since the plan had been published in the *Shanghai Evening Post*, described as the "American mouthpiece of the Chungking regime," it must have originated with citizens of America "who have a record of being the first to extort from China, under false promises, exterritorial privileges; the Chinese Exclusion Act; the Satsuma invasion of Formosa; the Hughes Resolution justifying any armed intervention in China on the pretext of foreign rights being endangered; the Lincheng proposals demanding armed occupation of all Chinese railways, etc., etc."

The puppet organ also charged that Americans recently were responsible for a plan to take over, "in cooperation with certain renegade Chungking diplomats," the western district of Shanghai, and also were concerned with another plan "to take over the administration and police control of the French Concession." The Wang Ching-wei organ concluded its tirade against America by charging that American policy "under a camouflage of liberal professions and the doctrine of the Open Door . . has all along been directed at fastening American control on China and hindering the rapprochement and economic cooperation between China and Japan. . "

The local Japanese military organs, *Shanghai Mainichi* and *Tairiku Shimpo* put the finishing touches to the "internationalization" scheme by declaring that local Chinese organizations "were expected to hold meetings to denounce the proposed free city plan . . which would mean the transfer of Chinese sovereignty in administrative, judicial, policing and financial affairs to an international body."

The editor of the *Evening Post* failed to disclose the originator of the internationalization plan for the protection of Shanghai, but stated in the introduction that "it was being studied by local consular officials and foreign authorities."

Succeeding discussion clearly indicated that no plan for the internationalization of Shanghai or the conversion of the municipalities into a "free city" could succeed without international approval and the consent of China, neither of which could be obtained. In the present instance both groups of Chinese opposed the scheme and the Japanese, of course, objected because they hope to eat the plum themselves!

⁂

Indicative of political propaganda trends, resulting from developments in Europe, were several notable incidents in the Far East in recent days. In Tokyo, an Italian Embassy Secretary, Count Macchi de Cellere, challenged Wilfred Fleisher, managing editor of *The Japan Advertiser*, American paper, to a duel with short swords, "because the paper published editorials criticising Italy's entrance into the European War." The editorials, published in double-column measure on June 12, & 20 quoted President Roosevelt's statement and the declaration of Alfred Duff Copper, British Minister of Information on the occasion of Italy's declaration of war and charged that economic considerations were the propelling motive. According to Mr. Fleisher, the Italian diplomat first visited his home and attempted to engage him in a fist fight ending up by challenging the editor to a duel with short swords unless he apologized within 24 hours. Mr. Fleisher reported the incident to the U. S. Embassy which immediately filed a protest at the Japanese Foreign Office. Since the Japanese Government enjoys unusually close relations with Italy, officials of the foreign office were perplexed what to do. The *Advertiser* made no news mention of the incident, but printed a brief comment on the editorial page expressing regret that the editorial "gave offence to some members of the Italian community." This apparently assuaged the wounded feelings of the Italian diplomat and the incident was closed.

⁂

Indicative of the cooperative spirit which controls Shanghai's international community wherein are stationed the armed forces of warring European Powers, is the edifying nightly spectacle of the "international patrol" on Nanking Road, consisting of squads of American Marines, British soldiers and Italians Marines. The Americans always march between the British and Italian contingents!

⁂

A few days ago the Japanese Embassy spokesman at the regular press conference, held in the late after-

**The boat, typifying the International Settlement, shows two foreigners in the act of fighting. The Chinese, sitting in the bow, is depicted as saying, "The disturbers should go back to their own countries." The other figure, an American, is represented as saying, "The disturbance is annoying everyone in the boat." Anti-foreign circular distributed by Nanking agents.**

noon in Broadway Mansions, issued a veiled threat, carefully worded, charging that a local broadcasting station had on its staff "a member who used in his broadcasts words derogatory to several nations and nationalities." The Japanese spokesman declared that the Japanese authorities "cannot but get the impression that the broadcasting of such speeches is prejudicial to the maintenance of peace and order in Shanghai." The spokesman then alleged that his view was shared by the authorities of the nation to which the owners of the station belonged. He said that no steps had been taken by the Japanese to date, "but should future developments be such as to require action on their part, there will be no hesitation."

It was generally assumed that the Japanese spokesman referred to Carrol Alcott, Shanghai's most popular broadcaster, and it also was assumed that the Japanese spokesman was acting on behalf of the German Nazis who have constantly criticised (in their daily broadcasts) the statements on the European War situation which have appeared in Mr. Alcott's broadcasts. Mr. Alcott told his listerners (the same evening) of the Japanese Spokesman's declaration and concluded by reading the address delivered by Secretary of State Cordell Hull —published in full in this issue of *The Review*.

⁂

Most serious development affecting freedom of press in Shanghai was the discovery on Sunday evening by Chinese employes of the printing department of the *Shanghai Evening Post*, of a number of home-made bombs placed in position where they would have wrecked the

paper's main press had they exploded. One of the bombs was composed of an inflamatory material which had been ignited, apparently with the object of causing the other bombs to explode. Luckily the blaze was observed before it had gained much headway and was put out by a chemical extinguisher. While searching the room for clues, the French Concession police discovered a second set of five bombs hidden directly under the press, one containing a fuse designed, apparently, to ignite the second set, following the explosion of the first set of bombs.

The incident aroused widespread attention because it was immediately connected with a threat made by a publicity official of the puppet Wang Ching-wei administration in Nanking that the American paper, which espouses the cause of the recognized Chinese Government at Chungking, "would not be permitted to continue in publication for more than two months after the establishment of the Nanking regime." The period, which has elapsed since the establishment of the Nanking regime, exceeds two months, but every newspaperman in Shanghai thought of the threat of the Nanking publicity man when the bombs were discovered in the *Evening Post* press room.

***

The *Central China Daily News*, which belongs to Wang Ching-wei, head of the Japanese-supported Nanking Government, has published frequent editorials demanding that the troops of European belligerent governments, be withdrawn from Shanghai, the attack being directed chiefly at the British and Italians. This week *The Review* received anonymously three circulars which, apparently, are being distributed in Chinese circles. The circulars deal with the same theme emphasized in the editorials in the Wang Ching-wei paper, as indicated in the summarized translations of the Chinese texts. The reproductions shown herewith have been reduced to about one-fourth the size of the originals, which were printed on pink and yellow tissue paper, usually used in distributing circulars from airplanes. Whether they were distributed in this manner is not known.

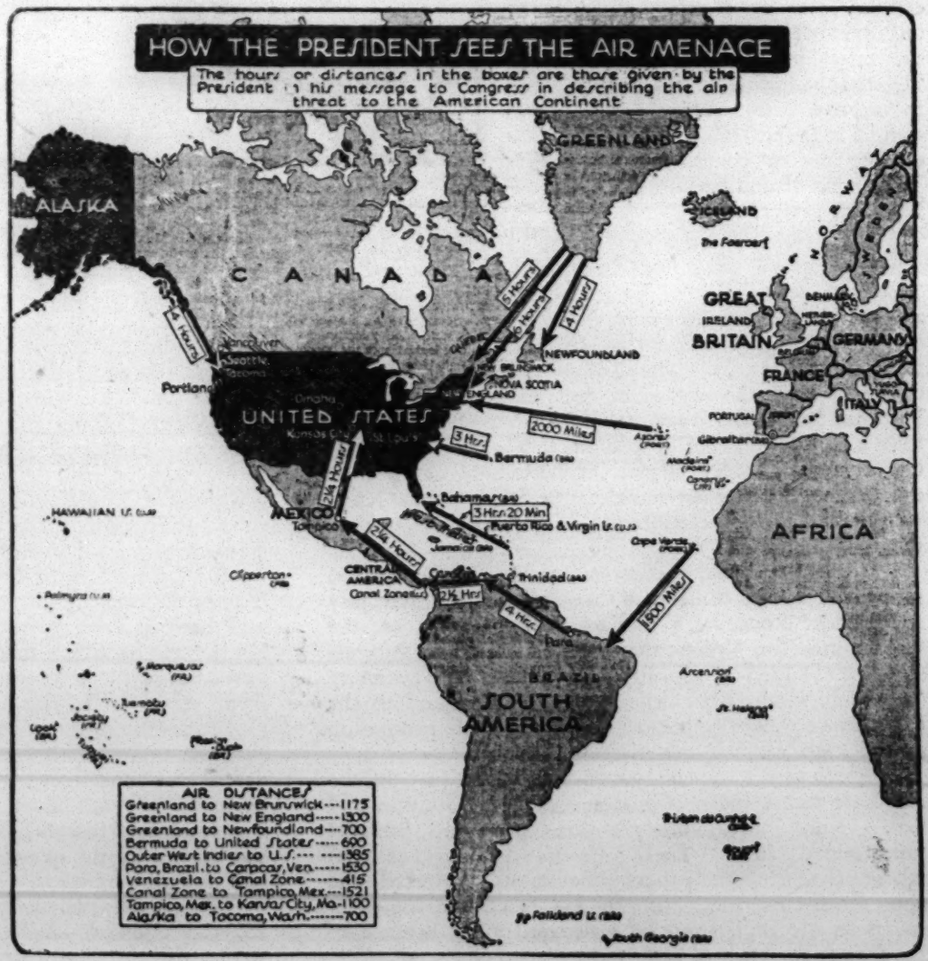
# American Election Campaign Will Determine War Intervention Issue

UNLESS something happens which might sweep the United States into the European War, it appears likely that the issue of participation or non-participation will be settled at the ballot boxes in the national election which will be held next November. And there is genuine hope that the issue will be a clean-cut one, but indications point otherwise as both parties apparently favor the fullest possible measure of preparedness, with the Republicans opposing intervention and the Democrats favoring intervention "short of war."

It is yet too early to determine the political effect of President Roosevelt's sensational action in appointing to his cabinet, two outstanding Republican leaders who favor the fullest possible measure of assistance to the Allied side in the European struggle. The President's action, described as an attempt to form a "coalition" government and thereby disconcert his Republican opponents, created a political sensation of major consequence in the nation.

Owing to the deep and deepening international interest in the outcome of the American presidential election, the report of Roosevelt's action in appointing the former Republican Secretary of State, Henry L. Stimson, as Secretary of War, and Col. Frank Knox, publisher of the influential *Chicago Daily News*, as Secretary of the Navy, had the effect of enhancing interest in the U.S. election all over the world. Col. Knox was candidate for Vice-President on the Republican ticket in the last national election. Col. Stimson, also served as Secretary of War from 1911 to 1913 but is better known as Secretary of State in the Hoover Administration.

His pronouncements dealing with Japan's violation of her international treaty commitments and invasion of Manchuria in 1931 probably still ring in the ears of European statesmen who chose to ignore his warnings




*New York Times*

of less than a decade ago.

It was quite understandable that Stimson's appointment as Secretary of War in President Franklin D. Roosevelt's Cabinet, should arouse the ire of Japan. Succeeding events, concerned with Japan's "blitzkrieg" bombardments of the Chinese National Capital at Chungking, and her threatened naval and military action at Hongkong and French Indo-China, have gone far to convince observers that Imperial Japan has decided to cast her lot with the Axis Powers, and in consequence may be responsible for the spread of the European war to this quarter of the globe and ultimately drag America into the struggle.

Japanese newspapers unanimously attacked the nomination of Col. Stimson as War Secretary and predicted a worsening of Japanese-Americna relations as a result of the appointment. The *Japan Times*, organ of the Foreign Office declared that the "Selection of a man who has shown himself an avowed enemy of Japanese policy in the Far East is a poor way to begin a revision of policy toward Europe." The *Nichi-Nichi*, recalling Col. Stimson's attitude toward the Japanese occupation of Manchuria when he was Secretary of State in 1931, declared that "Roosevelt's action makes America's attitude clear once and for all." Other papers echoed the foregoing sentiment and added more on their own accord. The *Hochi* charged that the United States "was prepared to initiate a policy of armed diplomacy against Japan, while the *Miyako Shimbun*, in commenting on press reports from certain quarters alleging a desire to improve relations with Japan (due to the crisis in Europe) said that the "United States, if it sincerely wished to improve its relations with Japan should manifest its sincerity by concluding a new commercial treaty with Japan and abandoining its pro Chiang Kai-shek policy."

The *Asahi* pointed out that Col. Stimson, at the time of Japan's attack on Shanghai had advocated an American declaration of war on Japan, and also was responsible for the American policy of non-recognition of territories acquired by force in contravention of treaty commitments. The Tokyo paper concluded its comment with the allegation that Admiral William V. Pratt had told Col. Stimson that the United States "didn't have a sporting chance of winning a war against Japan." Other papers, under official inspiration, declared their expectation that the appointments of Stimson and Knox would lead to a deterioration of American—Japanese relations in the Far East.

Yakichiro Suma, spokesman of the Foreign Office, recalled at a press conference that the new War Secretary in President Roosevelt's Cabinet, was chairman of the "Committee for Non-participation in Japanese Aggression," and added sarcastically that the new War Secretary "Probably would have little time left to attend to the business of the organization concerned with promoting an embargo on war materials to Japan."

There were two places on the checkered map of the Far East where the appointments of Col. Stimson and Col. Knox, particularly Col. Stimson brought unrestrained joy. These spots were Shanghai where the Chinese papers unanimously greeted the appointment of Col. Stimson and forecasted improvements in the application of American policy because of the former Secretary of State's knowledge of the situation in the Far East, and at Chungking. The newspaper, *Chung Mei Jih Pao*, declared that President Roosevelt's appointment to his cabinet of outstanding members of the opposition party "Was unprcedented in American history, but the action was, nevertheless bold and statesmanlike." The paper recalled that Col. Stimson had strongly advocated Anglo-American intervention to check Japanese aggression "which, unfortunately was rejected by the British Conservatives and this, in turn, had resulted in the spread of aggression in Africa and Europe. The Chinese paper also recalled that Col. Stimson had strongly advocated American assistance to the Allies in resisting Nazi aggression, hence his appointment would intensify American assitance to the Allies. His appointment to the Cabinet, in the opinion of the Chinese paper, "Would provide him an opporutnity to carry out his proposals for the defense of humanity, justice and civilization."

Dead Tree?

*Daily Herald, London*

The Germans, deeply concerned with the trend of American politics, were more guarded in their comment—for obvious reasons—but *Transocean* quoted Dr. Adolf Halfeld, editorial writer on the *Hamburger Fremdenblatt*, as stating that Roosevelt's action was designed to "break into" the Republican Party on the eve of the Republican Convention. Dr. Halfeld charged that the American President "Wished to deceive the American people into believing that the formation of a coalition government would strengthen his striving for national solidarity in view of the international crisis," however, Roosevelt's aim, "For practical purposes, is designed to split up his Republican adversaries at the very beginning of the campaign." Concluding, the German editor said there was one certain element: "Both Stimson and Knox are regarded throughout the United States as advocates of interventionist policy; therefore their appointment removes the last resistance within the Roosevelt Government to a pro-British policy." The paper said that the political storm raised in Washington "Was indescribable" and it was possible that a strong fight would be made to block Senate ratification of the nominations. The editor said that the "Whole population of the country was stirred by the question as to what paths Roosevelt still intends to take in order to achieve his object."

Of special interest was a *United Press* report on June 25, the opening day of the Republican Convention, stating that the U. S. Circuit Court of Appeals had upheld

the conviction of Earl Browder, Communist candidate for President of the United States, on a charge of obtaining and using falsified passports in order to travel abroad. The prosecution charged at the trial that Browder had obtained false passports at least four times. The conviction carries a sentence of four years in prison and a fine of U.S.$2,000. Browder was first convicted on June 22, but appealed on the ground that the charges were "vague," the statute of limitations had expired. Acting as his own advocate Browder defiantly declared, "I am a Communist and proud of it." He asked that he be acquitted "in the American tradition," but the jury delivered a conviction within 45 minutes after the defense had rested its case. The National Convention of the Communist Party of America, on June 1, following his conviction for obtaining passports fraudulently, nominated Browder for the Presidency.

Although unconnected with Browder's conviction, the republican orator who delivered the "keynote" speech at the opening of the Republican Convention at Philadelphia on June 25, urged American trade unions to divest themselves of all officers and organizers who are sympathetic either to Fascism, Communism or Nazism.

Harold Stassen, Governor of Minnestoa who delivered the keynote speech at the opening of the Convention declared that the "United States is faced with the same fate as France unless new American leadership is elected to defend the Western Hemisphere. He accused the Roosevelt Administration of negligence and inactivity in regard to world developments and said that the United States "was tragically unprepared and sadly wanting in the state of our defenses in this Hemisphere." He alleged that President Roosevelt for months had failed to place the War and Navy Departments in competent hands and the appointments last week of Col. Henry L. Stinson and Col. Frank Knox "was an eleventh hour confession of failure." He also referred to President Roosevelt's action in recommending compulsory training for the nation's youth "as following the method of Hitler, Stalin and Mussolini."

He attacked the Administration for recognizing Soviet Russia, the "torpedoing" of the London Economic Conference, and of failure to inform the people regarding conditions it knew of in the capitals of Europe, and continuing the sale of means of warfare to the very nations who threatened to be aggressors.

He demanded the complete suppression of Fifth Column elements from the nation, including those allegedly on the public payrolls—there must be determination that no one supporting Communism, Nazism or Fascism shall be permitted on the public payrolls.

The Republican election platform which was drafted Monday contained a tentative paragraph calling for peace with preparedness and pledging aid to "oppressed peoples who are asking liberty by resisting aggression."

The paragraph made no specific mention of Britain and France—but could be interpreted to include assistance within the limits of international law to China, England, France, Poland, Belgium, the Netherlands, Luxembourg, Norway, Czechoslovakia, Austria and Denmark.

The paragraph also contained a definite pledge to keep the United States out of the European War. Some Republicans expect that their party consequently will label the Democrats as a "war party" in the coming election campaign.

One tentative paragraph in the Republican platform condemned the failure of the New Deal to secure adequate national defences and criticized the "provocative" statements made by President Roosevelt on international affairs. The Republicans contend that these statements tended to involve the United States in the European War.

The platform in general tended to advocate improvement rather than repeal of the Roosevelt New Deal in domestic policies.

The Republican National convention opened at 10.43 a.m. Monday divided on candidates, but patently confident that a Republican President would be sent to the White House in November.

The meeting Monday morning was strictly routine. The opening prayer and welcoming speeches and songs were scarcely related to the turbulent politics raging among the top candidates. The Convention recognized. Thomas Dewey, Senator Robert Taft, and Wendell Willkie, in that order, on the first ballot of delegate strength.

The real developments were going on in downtown hotels, where a "stop-Willkie drive" took form, led by 100 Congressmen representing some 20 states. These were the men who formally demand that the convention "name a man whose personal views and public statements are such that he can run effectively on a platform in harmony with the G.O.P. record in Congress."

Behind this move was seen the hand of old line Republican stalwarts who were worried over Mr. Willkie's recent switch from the Democratic to the Republican camp and also the similarity of his foreign policy views with those of President Roosevelt.

# One Day's Record of the "Stabilization" of East Asia

JAPANESE spokesmen, diplomatic and military, are fond of the word, "stabilization," used singly or in connection with the phrase, "Stabilization of East Asia." The word is supposed to indicate the objective of the military campaign which the Japanese Army and Navy has been waging on the continent for practically three years.

We were reminded of the significance of this word—on Wednesday of this week—in the course of a perusal of the news sheets issued by the semi-official Japanese *Domei* news service. More than half of the reports of the Japanese news service were concerned with battles extending all the way from Shansi in China's far northwest to the borders of French Indo-China in the far southwest, the battle-line extending probably between 2000 and 3000 miles. Space is not available for a summary of all the reports, but we will quote the outstanding ones to illustrate our point—that three years of constant warfare apparently has not led to the hoped-for "stabilization" of East Asia, the announced goal of Japanese imperial policy:

June 26—(On the northwestern border of Shansi)—With the main bodies of three Japanese columns converging on the town, advance units of one column at 10 a.m. yesterday cut their way into the walled stronghold of Peoteh, etc., etc.

June 26—Tsingtao—Smashing successes have been scored by Japanese forces engaged in mopping up remnants of the Chinese Communist Eighth Route Army to the southeast of Chaoyuan, etc., etc.

June 26—Nanchang—A smashing assault on Chungking divisions concentrated in the Kaoan sector in northwestern Kiangsi Province has been launched by four Japanese columns, etc., etc.

June 26—Hankow— A smashing attack by Japanese bluejackets against Chungking remnants in the vicinity of Kweichih, downstream from Anking, in southeastern Anhwei, resulted in the complete route of the Chinese forces, etc., etc.

June 26—Nanning—Cutting through strong Chinese opposition, Japanese forces today continued their swift advance toward Ningming, 20 kilometers southeast of Lungchow, which other Japanese units were approaching yesterday, etc., etc.

June 26—Nanning—Cutting their way through Szelo and Suilu, two strategic points in western Kwangsi, the spearhead of the Japanese attack was nearing the French Indo-China border, according to field dispatches, etc., etc.

June 26—Shumchun—Four Japanese Army detachments, which yesterday occupied Pingshanhu, this morning began a crushing offensive to complete the sealing of the Kowloon-Chinese border, etc., etc.

June 26—Tokyo—the determination of the Japanese Army in South China to employ force to halt the flow of war materials from French Indo-China to Chungking was made public last night in the form of an announcement at the headquarters of the Japanese forces, etc., etc.

June 26—Canton—Lungchow, strategic Kwangsi stronghold, approximately 145 miles west of Nanning and only about 27 kilometers from the nearest point on the French Indo-China border, is the next objective of the Japanese forces, etc., etc.

June 26—(At a Japanese naval air base in Central China)—In a short communique issued at 9 l'clock last night, the Press Section of the Japanese Central China Fleet announced that Japanese naval air forces staged the 15th air bombardment of Chungking, etc. etc.

June 26—(At a Japanese Naval Air Base)—Following up Monday's terrific raid on Chungking, another Japanese naval air yesterday struck mercilessly at General Chiang Kai-shek's wartime capital, etc., etc.

June 26—(At a Japanese Naval Air Base in Central China)—Chungking was completely blotted out by smoke from hundreds of bursting bombs as Japanese naval aircraft this afternoon staged an unprecedentedly severe air raid on China's wartime capital, etc.

June 26—Hankow—widespread operations by Japanese Army forces in central China, especially near Nanchang, capital of Kiangsi, and to the south of the Yangtsze River in southeastern Hupeh, were reviewed in various reports reports received last night from the front;

700 Chungking war dead were left abandoned on the field of battle after three Japanese columns engaged in mopping-up enemy remannts in the sectors to the southeast of Nanchang, etc., etc.

Reports from Lokaihu, 21 kilometers southeast of Nanchang, revealed that a Japanese unit which had been mopping up Chungking irregulars in the areas to the south of lake Yuan, 15 kilometers southeast of Nanchang, since Friday, is now smashing its way southward on the heels of the retreating enemy, etc., etc.

Still another Japanese column was reported to have encircled 6,000 Chungking forces at Howtienkai, 30 kilometers south of Nanchang last Friday morning, etc., etc.

Further reports revealed that Japanese forces launched a terrific attack on 1,000 Chungking remanants armed with trench-mortars in a sector near Sishan Wanshowfu and Chikungshan, etc., etc.

700 Chinese holding positions on the heights near Sishan and Cuyangtsun, west of Nanchang, were routed and driven northward by Japanese forces, etc., etc.

Japanese forces engaged in cleaning up Chungking remnants in the areas to the south of Tayeh, in eastern Hupeh, attacked 2,000 Chinese belonging to Chungking's 197th Division, last Friday morning at Hwangshatien, 36 kilometers west of Tayeh, 250 Chinese dead were abandoned on the field, etc., etc.

Other dispatches revealed that two Japanese air units bombed enemy concentrations at Kaokiaok 12 kilometers north of Sienning, which is 75 kilometers north of Hankow. Japanese fliers also bombe munition dumps on Panghsieh Hill on the banks of Lake Lulu, etc., etc.

# Factors Behind the Embargo on Machinery*

IN the single month of September, 1938, a full year prior to the outbreak of the war in Europe, Japan bought US$2,305,799 worth of American metal working machinery. In the same month Russia bought US$2,677,460 worth of the same type of machines.

There was significance in these purchases because these types of machines are used in the so-called heavy industries concerned with munitions production. It was particularly significant that the purchases of Japan and Russia overshadowed purchases of similar machines by France and England in America by US$3,390,000. It indicated that a year prior to Germany's invasion of Poland, neither France or Britain thought there was going to be another war.

The American Commercial Attache in Paris reported, three months after the war began that "generally speaking, French industries were equipped with out-of-date machinery, although a slight improvement now has been noted since 1937.." French manufacturers, working on national-defense orders, were compelled to ask for delays of delivery from 10 to 15 months ... making it necessary to place orders abroad."

But Germany was not caught napping in the war machine industry, as evidenced in a report of the American Commercial Attache in Berlin in December, 1939. He was quoted as stating, "The adjustment of the machinery industry in Germany to war conditions is based to a large degree on the efficiency and versatility of the German machine-tool industry.... The production of machinery for armament purposes for the Four Year Plan .. including such articles as lathes, milling machines, precision grinders, automatic screw-machines, iron planers, and so on .. was indicated in the statistics that the production of German machine-tool industry in 1938 was eight times the volume of 1933."

Those figures seemed to prove that Germany knew —although the world was still in ignorance—that there was going to be another World War and prepared for it, while France was allowing her large automobile plants like Citroen, to drift toward obsolescence and bankruptcy.

While Germany was making ready on a scale that required the expansion of her machine-tool-building facilities by 800 per cent, an official report concerning the situation in Great Britain stated (May, 1939):

"The British machine-tool importing fraternity does not contemplate that the present crisis occasioned by Germany's recent action with respect to the territory of Czechoslovakia will cause any substantial increase in the volume of British machine-tool imports." The American Commercial Attache's report stated that delivery dates for British home-made heavy and standard machine tools were currently about 52 and 30 weeks late respectively. That report was written less than five weeks before war broke.

Thus was the inside story of the European War told in terms of machine-tools, manufactured in the various countries concerned, or ordered from the United States, in the months preceding the actual outbreak of hostilities.

Now to get down more definitely to the question of the recent American embargo on the export of machinery and tools—which has aroused such a storm in Japan, imagine the situation which prevailed in the United States—after the outbreak of war—when France and England were scrambling to place orders and get spot delivery on America machine tools at any price. Prices skyrocketed from 35 to 40-cents a pound to 80-cents and US$1 a pound. Lathes which sold ten years ago at US$1800 each, jumped to US$5000 each and one nation wanted to purchase 500 of them. In many cases machinery manufacturers were offered sufficient advance-money to construct entirely new plants to turn out the war orders which threatened to engulf American industry.

This brings us to the embargo: The normal production capacity of the American machine-tool builders, based on a peacetime price was approximately US$200,000,000 of which amount about 30% was normally exported. The export trend in 1940, contingent on a continuation of the war, altered these figures to such an extent that exports were expected to require 75% of the entire productions-capacity of the American machine-tool industry.

The truth of the situation was that the Allies were in such a state of unpreparedness for war that their orders for machine-tools would have required the entire, machine-tool-manufacturing capacity of the United States for at least two years in order to re-equip them on a superior industrial-war-making footing to Germany.

A further element was the labor problem. The census figures of 1930 listed 640,000 skilled machinists in the United States exclusive of related metal working crafts like steel-mill workers, blacksmiths, foundry workers and sheet-metal workers. But that was a decade ago and in the meantime there had been a depression in the industries which had discouraged young men from becoming machinists. Therefore this situation: the 640,000 machinists had dwindled possibly to 320,000 aging machinists and there was a shortage of new men in this field.

American machine-tools—to be perfectly frank about it—were probably as nearly worn out and antedated as were the tools of Britain and France. It was claimed that 50% of the metalworking machinery of the United States was obsolete. Therefore, to sum up:

*Summarized from an article by Ray Millholland in the *Saturday Evening Post* for May 18, 1940.

—the frantic foreign bidding for American machine-tools had shot up the domestic price far beyond the place where the domestic manufacturer could afford to pay for new equipment, and even though he could pay, more than 50% of the country's capacity was being exported abroad.

The big-time purchasers were France, Britain, Russia and Japan and they were buying ship-loads of the most modern high-production types of machines, with special emphasis placed on their convertibility to automobile, airplane, refrigerator and tractor manufacturing when the war was over. The wild boom, in the machine-tool trade, amounted to a mad race on the part of the four countries to equip themselves with faster and better machines and tools, which, after the war was over, would be competing with obsolete and badly overworked machine tools operating in American industry. In other words the United States was cramping its own industry and shipping abroad better machine-tools than Americans could afford for their own plants.

This situation was brought to the Government's attention by strong editorials in the trade press in late April and early May, with the emphatic recommendation that restrictions on exports be enforced The American domestic rearmament program occasioned by the broadening of the war situation in Europe apparently forced the Government to take action earlier than might have been expected under ordinary conditions.

# King Cotton in Shanghai Follows the Fortunes of War

BY JOHN ALHERS

The diversity of industry in Shanghai has increased progressively during the past decade, due largely to the enforcement of China's Customs tariff of 1934 which gave ample protection to quite a series of new economic activities here. While the Sino-Japanese war inflicted heavy injuries to the older industries of the city it resulted in the establishment of a series of new enterprizes. The outbreak of the European war, finally, led to the strengthening and expansion of several young local miscellaneous industries, and the list of Shanghai-manufactured products today is more than twice as long as that of 10 years ago. Yet the Shanghai cotton industry, the oldest in this city, has kept pace with the changing situation and at present is far ahead of all other local industries.

The cotton industry is the industrial giant of Shanghai. It dominates the local economic life, and determines prosperity or depression in local business. More than half of the industrial power sold by the Shanghai Power Company is absorbed by the cotton industry alone. This one activity accounts for more than one-third of the local foreign trade. The extent of raw cotton imports as well of cotton yarn and piece goods exports largely determines local foreign exchange rates. The cotton industry here employs some 100,000 laborers and many thousands of employees. Together with industries and other economic activities directly or indirectly connected with the cotton industry, the latter accounts for wages and salaries paid to almost 200,000 Shanghai people who, with their dependents, form little less than one-fifth of the Whangpoo City's total population.

The Shanghai cotton industry compares well with cotton industries elsewhere. It accounts for 2,600,000 of China's 4,800,000 cotton spindles. Shanghai cotton spindles equal 35 percent of the number now active in Japan, and equal 10 percent of all the cotton spindles in the United States, As a cotton manufacturing urban center, Shanghai ranks third in the world, surpassed only by Lancashire and Osaka. And it continues to grow. Though there is little effort to add to the spindleage, weaving activities are steadily expanding and the manufacturing of new products is developing apace. Shanghai is becoming a dangerous rival to Osaka in the patterning of new cheap prints. Shanghai made cotton socks and stockings find the favor of an increasing foreign clientele which has recently extended even to the United States.

The Shanghai hostilities early in the Sino-Japanese war had telling effects upon the local cotton industry. In central China, 500,000 spindles and 3000 weaving looms were destroyed and another 610,000 spindles and 5300 looms partly damaged of Chinese owned property, while Japanese companies through similar war destruction lost 228,000 spindles and 4000 looms. The bulk of these losses, including all of the Japanese, was suffered at Shanghai. Half of the local cotton industry was brought to a standstill during the winter of 1937-38. The Japanese expropriated, to compensate themselves, a large number of Chinese mills with a spindleage of approximately 275,000 and thus added to the confusion.

But the beginning of depreciation of China's dollar in the spring of 1938 marked the turning point. Chinese currency devaluation made foreign piece goods unprecedentedly expensive, and at the same time cheapened Shanghai labor. Japan's continuous curtailment of cotton manufacturing and restriction, since the summer of 1938, of cotton goods exports to Yen Bloc countries, also worked in favor of Shanghai. The local cotton industry rapidly recovered and by the fall of 1938 was embarking upon a boom which fully developed last year and during the first half of the current year. Twelve months ago, the Japanese put back into operation the expropriated Chinese mills, and ever since then Shanghai Cotton spindleage has been employed at almost full capacity, with most mills working 24 hours a day.

Present cotton industrial conditions at Shanghai, of course, are very different from pre-war times. Prior to the Sino-Japanese war, Shanghai normally required no more than about 200,000 bales of high-class foreign cotton annually, chiefly for spinning the higher counts of yarn. The bulk of the raw cotton spun here was provided from the interior of China. The country had become one of the largest cotton growing regions of the world, and a few years before the war produced an all-time high record crop of over 50,000,000 piculs. The devastation of the Chinese countryside during the present war, however, reduced cotton growing more than any other branch of agriculture, and for the current cotton year Chinese cotton covered no more than 20-25 percent of the Shanghai mills' requirements.

The bulk of the raw cotton needed has to be imported from abroad. And cotton imports have become unprecendentedly large. During the first five months of this calender year, Shanghai imported 101,428 tons of foreign cotton valued at U.S.$24,000,000. The United States were most benefitted by this import trade since 61,214 tons of the above imports we e U.S. cotton, which compared very favorably with imports of 28,327 tons from British India; 4600 tons from Egypt; 3500 tons from British East Africa, 1900 tons from Brazil; and but small lots from Argentina, Burma and Peru. These imports constituted over 30 percent of all imports via Shanghai and brought such heavy pressure to bear upon the exchange market that it has been said, not without some justification cotton imports ruined the Chinese dollar. A minor portion only of the cotton imported here was transhipped to North China and Manchuria; the bulk was spun into yarn locally.

In the beginning of the local cotton industrial boom, the strongest demand for Shanghai yarn and cloth came from Free China. With the advance of the Japanese

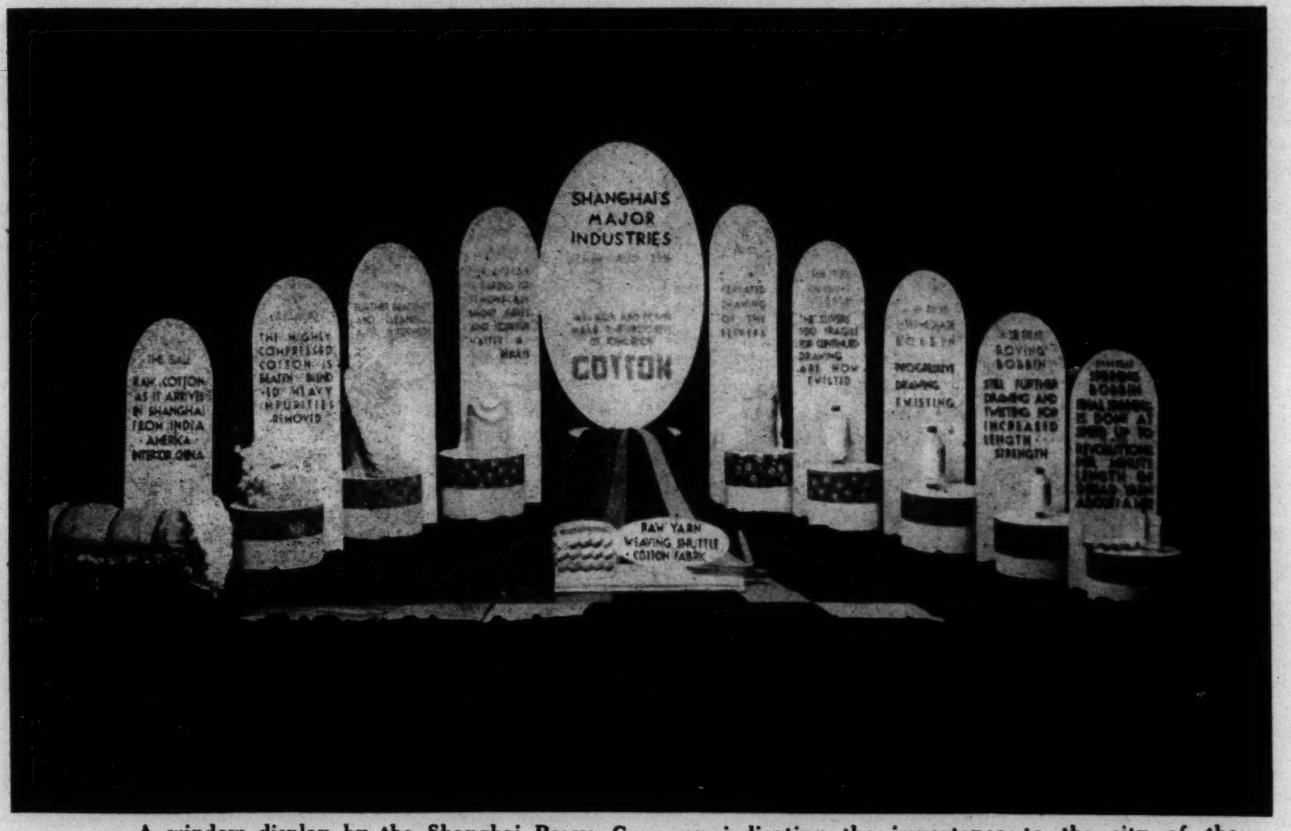
front lines and the extension of the Nipponese blockade. the bulk of local cotton products for the past 15 months has been placed in the occupied areas. Substantial shipments to Free China, however, continue despite the terrific difficulties of communication. Prices of yarn and piecegoods in Chungking and the other urban centers of Free China are three, four and five times higher than at Shanghai, with the difference chiefly accounted for by transportation costs. Besides demand for consumption, there is all over China, and here in Shanghai as well, strong demand for hoarding purposes, since many Chinese, to preserve their funds, prefer to invest in cotton yarn rather than in exchange or stocks. The continuously advancing depreciation of China's currency has also opened for Shanghai-made cotton goods new export markets, especially in South and South East Asia where demand for Shanghai industrial products generally increased following the outbreak of the European war.

Cotton goods manufacturing at Shanghai is extremely cheap, in terms of foreign currencies. The share of wages and salaries in the production cost of cotton yarn and cloth has been reduced here almost to insignificance. The majority of Shanghai's cotton mill workers earn less than one American dollar cent per hour. Working hours average about 70 a week, without holidays. The present dependence on foreign raw cotton, of course, is a big handicap against Shanghai, but it is more than made good by the low manufacturing cost. Local mills during the boom earned spinning margins as high as 30 and 40 percent, and even the yarn price crash in May and June left numerous local mills, during the first half of this month, enjoying margins of some 20 percent. These earning percentages, of course, are based upon calculation in Chinese currency. As expressed in American money, the best local cotton industry earnings in 1939-40 to not appear to have much surpassed a rate of 10 percent, and to have been frequently lower. Yet all of the local mills base their business on Chinese currency, and most of them during the past year harvested the biggest profits in their history.

The recent monthly local output of cotton yarn was about 110,000 bales. Whether this output can be maintained in the near future is an open question. Local Nipponese yarn merchants in the third week of June requested the Japanese mill owners to temporarily reduce production. It appears that local commodity speculation resulted in the accumulation at Shanghai of unusually large stocks of cotton yarn, estimated at between 250,000 and 300,000 bales. Normal stocks used to be not higher than 70,000 to 80,000 bales. These large stocks exercise heavy pressure upon the local yarn and cloth market, and were the chief factor in the depression of these markets which started with the middle of May. This depression reduced local yarn quotations by 30 percent, and in some cases even more. The cotton mills, by the beginning of the fourth week of June, had not yet taken into account this most recent development and continue to produce yarn and cloth at the previous high levels.

Much of the Shanghai cotton industry's immediate future will depend on the Far Eastern repercussions of the European war. Should Japan choose to join Germany and Italy against the Allies, the local cotton industry will be cut off immediately from all its export markets. Shanghai exports of cotton yarn and piece goods in the average of January-May this year reached a total value of almost U.S.$2,000,000 monthly, whereof one-third cotton yarn and two thirds piecegoods. Local cotton yarn exports were marketed to the extent of 65 percent in the Asiatic parts of the British Empire, and about half the local piece goods exports went the same way. For both yarn and piecegoods of Shanghai, British India constitutes the most important foreign market, while the Netherlands Indies and Siam are the best customers outside the British Empire.

## Cotton—Shanghai's Major Industry




**A window display by the Shanghai Power Company indicating the importance to the city of the manufacture of cotton thread and cotton cloth, Shanghai's major industry. The posters indicating sources of supply and processes of manufacture were designed to acquaint the public with the wide range of goods made here.**

# Britain, France Carry Out Strategic Diplomatic Withdrawal In Face of Japanese Pressure

FROM a strict European policy of non-involvement maintained since the outbreak of war last September, Japan moved swiftly into the camp of the Axis powers during the past few days and by all means short of open declaration showed the determination to collaborate in every way possible to embarrass the Allies and seize Far Eastern crumbs from their empires.

Tientsin, Indo-China, Hongkong, Shanghai and perhaps the question of closing the Burma-China highroad will be the swift succession of diplomatic victories Japan can chalk up within the short compass of June. But these have all been won in the field of diplomacy. Will there come a time when Japanese chauvinists at home tire of the inglorious stolidity of discussion and demand a resort to arms?

For the Allies the Far Eastern embarrassment has resolved itself into a question of how far the United States will go to maintain the Pacific *status quo*. And if there is no limit to such lengths, will it be wise to permit even the possibility of a deflection from the full American economic effort towards victory in the European theater. From this point of view the Allied retreat before every aggression of Japanese diplomacy has been a strategic withdrawal far sounder than recent disasters on European battlefields which turned the phrase into a polite euphemism. In no instance have either of the Allies yet placed themselves in a predicament from which extrication is impossible—after the war is over.

The Tientsin silver question was officially settled between Britain and Japan on June 20. According to its terms Britain surrendered £100,000 owned by another party (the Chinese in this case), granted a certain amount of Japanese police jurisdiction in the British Concession and gave way in one or two more points in return for lifting of the 13 month barbed-wire blockade. The purport of this agreement was *de facto* British recognition of special Japanese interests in north China but there was no surrender of British treaty rights implied.

The French have been in a far less enviable position than their comrade-in-arms. Indo-China with its convenient ports and its railway into Yunnan, has for long been a chief road of entry for all sorts of materials into China. The Japanese until the present have been unable to stem the flow of these supplies. But last week they swooped on the evidently prostrate carcass of French imperialism and in a series of protests to French Ambassador Arsene-Henry, demanded an immediate cessation of the war materials traffic.

At a 20-minute meeting with Vice-Minister of Foreign Affairs Masayuki Tani on June 20, the French envoy announced his government's decision to "Persuade the French Indo-China authorities to abandon their pro-Chungking activities." The French authorities promised to ban a wide range of materials including all that could be used for war purposes.

Emboldened by this surrender, the Social Mass Party, once a cradle of Japanese democracy and now a party of first class Jingo-Fascists, unanimously passed on June 21, a five point program urging: (1) Tightening of the tri-partite anti-Comintern axis; (2) Liquidation of the "curry favor" policy toward Britain and the United States and the immediate suspension of all negotiations


**CHINA A.B.C. UNDERWEAR, WEAVING & DYEING MILL, LTD.**

完全國貨

Registered MADE A.B.C. IN CHINA Trade Mark

註冊商標

DYEING AND BLEACHING SERVICE

We can dye 1500 Pieces of cloth of 42 yards each daily.

We can bleach 1200 Pieces of cloth of 42 yards each daily.

We take pleasure in supplying desired information upon request.

PRODUCT OF A.B.C. FABRICS

We have 560 Looms Produce 2000 Pieces of cloth daily.

Grey & Fine Cotton Cloth
ABC Check & Rain Coat Cloth
Grey & Fine Jeans
All kinds of Sheeting
All colors of Indenthren Cloth

**CHINA A.B.C. UNDERWEAR COMPANY, LTD.**
**DEPARTMENT STORE**

*GROUND FLOOR*—Lady's Underwear, Hosiery, Stationery, Toilet Articles, Tobacco Dept., Children's Dresses, Leather Goods, Infants Dept., Toys, Enameled Ware, Confectionery Canned Goods.

*FIRST FLOOR*— Piece Goods, Ladies Overcoats, Underwear Dept., Hats and Pajamas Dept., Shoes, Tailoring Dept., Gent's Outfitting Dept., Work Clothes Dept.

562 Nanking Road - - - Telephone 91064-5

*Factory:* 1099 Connaught Road - - - - - - - - - Telephone 32920.

with those two countries; (3) Immediate restitution of foreign concessions in China to the Nanking regime; (4) A guarantee from Indo-China under threat of force that its anti-Japanese policy would be abandoned and the arms supply route to Chungking cut off; (5) A guarantee from the N.E.I. under threat of force that it would co-operate in the economic bloc in East Asia.

The Japanese victory was seemingly complete when on June 21 the French agreed to permit Japanese traffic control stations at strategic points in Indo-China. The stations, with a personel of 20 Japanese each, were to be established immediately at Hanoi, Haiphong, Laokai, Liangshan and several other places. The personel to be drawn from the Japanese Army and Foreign Service. The *United Press* reported from Tokyo on Wednesday that part of the Japanese south China fleet had been dispatched to Haiphong that morning to "supervise the transportation of commodities through Indo-China.

While on the surface this Japanese victory appeared a serious setback for the French, it should be remarked that the latter in no way surrendered any sovereign right that cannot be regained. Anomalously, however, the French like the British with the Tientsin question, tacitly recognized the Japanese special interests as superior to the Chinese and in doing so aided their own enemy, the Axis partnership.

It now seems that the Japanese government received definite encouragement from Rome and Berlin in the demarche against Indo-China. On June 20 Foreign Minister Hachiro Arita communicated a formal note to Berlin and Rome expressing his country's "grave concern over Indo-China as a factor in the stabilization of the Far East. The Japanese note pointed out that Japan shared the German and Italian views of a new world order and requested an understanding on the part of Germany and Italy, of Japan's position with regard to the French colony.

Whatever other significance the closing of Indo-China may have to the international situation, it was a serious blow for China in its struggle against Japan. Chungking on Wednesday issued the second protest within a week against closure of the border which it stigmatized as a contravention of Sino-French treaties. Indo-China, because of its railway, has long been the chief source of gasoline and oil supply for the Chinese government, the Burma road having proved very expensive for transportation. There now remain but two traffic routes open between free China and the outside world, the one through Burma and the one through Russia, and the Japanese on June 24 demanded that Britain close the Burma Road to war materials.

But before the question of the Burma Road was brought up the Japanese south China Command, determined to press home the argument, landed an expeditionary force at Paoan north of Hongkong on June 22, in order to "stop illegal profiteering by British merchants in Hongkong who have been taking advantage of the absence of Japanese troops in that area." Japanese troops had been stationed at Paoan until December 20, 1939 when they were withdrawn to facilitate the opening of Pearl River.

On the day Britain was asked by Japan to close the Burma-China highroad, the French authorities in Shanghai announced withdrawal of troops from the extra-Settlement zone of Siccawei which they had occupied since the hostilities of 1937 and to which they had no local right except on grounds of military defense. While the French withdrawal was accompanied by a statement that the French no longer desired to maintain troops in the zone, it was known that Japanese pressure during the past month for withdrawal of all belligerent troops from the foreign concessions, has been exerted heavily through the puppet organization of Mayor Fu Siao-en's City Government of Greater Shanghai and through the Nanking regime Both European Allied consuls have been sent formal requests for belligerent troop withdrawal.

Closure of the Burma Road would unquestionably minimize the chances of a Chinese victory. The road is China's lifeline and the route through the northwest to Russia is of infinitely less practicability. But the question of Burma ushers a new factor on to the scenes. The highway has brought unusual prosperity to this British colony. In March alone transit trade over the road to China amounted to Rupees 5,762,007, some 4,000 tons of it in war materials say the Japanese. The Burmans are the new factor. More articulate in their political life than the inhabitants of Indo-China, they can be expected to raise a howl if the lucrative traffic with the north is stopped. Besides closure will bring up an ugly question in Burman and Indian minds. Is England after years of protesting aggression, going to help crush a country struggling for its life? A wrong answer to that might end in widespread rebellions throughout the Indian Empire. But perhaps the wrong answer has already been given for a report from London on June 22, before the Japanese had made their formal demands, quoted a Japanese Embassy official as intimating that the British Embassy in Tokyo had already promised cessation of the flow of arms over the Burma Road.

For the time being Japan holds the whiphand and while every victory it wins on the diplomatic front brings the nation into closer rapport with the Axis powers even to the extent of swinging it internally towards a totalitarian form of government, the last word has by no means been spoken. France is in utter confusion following the signing of the Axis armistice. Britain bending every effort towards the expected German invasion can give only second best attention to the Far East. But it must be reiterated that the Allied retreat has so far been strategic and so long as it remains in the field of diplomatic argument in relation to which the weight of American policy can only be inferred, there is little probabliity that the Allies will lose much more than face which unquestionably Japan has gained.

## Gambling Dens Reopen with New Names and Entrances

PRACTICALLY all of the Japanese-protected gambling dens in the "badlands" district which were closed on the night of June 15, were reopened this week with new names and remodeled entrances. The reason for changing the names and remodeling the entrances was not announced by the Japanese authorities who have supervision over the "amusements" which dominate this once popular residence section of the city.

The closure order, which allegedly came from Tokyo, affected nine places, but did not involve two leading resorts, Farrens, located on Great Western Road, which is owned by E. T. Riley, an Anglo-American and Joe Farren, a Hungarian; and the China Club, which serves as headquarters for Nanking officials when they are in Shanghai. Hollywoo, the largest place, located on Yu Yuen Road, which previously had a turn-over of $50,000 a day, has reopened as the "1238 Club", the number standing for the Chinese street address. One of the other places known as "Monte Carlo" was changed to Shanghai Garden Dance Hall.

The closure on June 15 of all of the Chinese-operated houses, excepting the China Club, caused that place to do a land-office business. The crowds were so dense that the proprietors charged —and obtained—an entrance fee of $50 from those desiring to enter—and lose their money!

Proprietors of the places which are being reopened, such as "Yu Yuen," "15-Jessfield," "Jessfield Home," "Hollywood," "Honeymoon," and "Hillman Club," refused to disclose whether they paid the $100,000 tax, which the Japanese Special Service Section and Ta Tao officials allegedly demanded when the joints were closed.

It was rumored that the operators of the places regarded the charge as excessive and decided to close while negotiations for reduction of the tax were in progress. It was thought that a compromise had been reached between the operators and the Japanese authorities.

The order to change the names of the resorts and rebuild the gateways allegedly was done to circumvent certain instructions from Tokyo ordering the Japanese military authorities here to close the places. Recent visitors from Tokyo stated that high officials and prominent Japanese were astonished to learn that such places were permitted to operated in areas controlled by the Imperial Japanese Army.

*Prophecy of Worse to Come*

# Secretary Hull Prepares Democracy for Dark Days

ON the eve of France's capitulation before the driving force of German military might, U.S. Secretary of State Cordell Hull delivered the following address at the Harvard University commencement exercises at Cambridge, Mass. The address was given June 20; three days later France agreed to the terms of an armistice dictated at Compiegne.

"I am deeply conscious of the honor which was conferred on me this morning. I am happy to visit this magnificent campus. From it throughout our country's national existence, generations of leaders have gone to every corner of the land bearing the torch of truth and of humanity. There is no more fitting site from which to survey the great problems and issues that now confront this nation.

"These are black days for the human race. These are ominous days for us in this country.

"There are at work in the world today powerful forces the significance of which no individual and no nation can ignore without falling into a position of the gravest danger and of the utmost jeopardy. These forces are not new in the experience of mankind. They rose on many occasions in the past and, for varying periods and with varying intensity, held prey over human affairs. They spring today from the same source from which they have always sprung in the past—from godless and soulless lust for power which seeks to hold men in physical slavery and spiritual degradation and to displace a system of peaceful and orderly relations among nations by the anarchy of wanton violence and brute force.

"Fortunately these forces have not triumphed in every instance in which they have challenged human freedom and interrupted the advance of civilization. There are times in the lives of individuals and of nations when realization of mortal peril, far from making men recoil in horror and defeat, strengthens and ennobles the soul, gives indomitability to will and to courage, and leads to victory through suffering and sacrifice. History records many heartening instances when in this manner the forces of conquest, violence and oppression were hurled back and the onward march of civilization of man was resumed.

"Never before have these forces flung so powerful a challenge to freedom and civilization and progress as they are flinging today. Never before has there been a more desperate need for men and nations who love freedom and cherish the tenets of modern civilization to gather into an unconquerable defensive force, every element of their spiritual and material resources, every ounce of their moral and physical strength.

"We, Americans of today, have behind us a century and a half of national existence, to which we point with justifiable pride as a successful experiment in democracy and human freedom. That experiment began when a resplendent generation of Americans resolved to stake on its success their lives, their fortunes and their sacred honor. With unshakeable faith in their cause and an unswerving determination to make it prevail, they risked their all for the creation of a nation in which each citizen would have—as his inalienable right—liberty under law, equality of opportunity, freedom of thought and of conscience. Those Americans believed unreservedly that in a nation founded upon these great principles the people could enjoy individually a far greater measure of well-being and happiness than is possile under any other form of political and social organization, and could achieve collectively a degree of internal strength and unity of purpose necessary to ensure for the nation itself the inalienable right to manage its own affairs solely by the will of its own people.

"A century and a half of active and at times tumultous history have vindicated this faith. The nation which that generation of Americans founded lives today and has grown great and powerful beyond the fondest dreams of its founders. This has come about because, through the stresses and strains of internal adjustment and external conflict, succeeding generations of Americans have never faltered in their devotion to that faith and have rededicated themselves to it, freely and reverently; because in each generation there was sufficient resoluteness of spirit, tenacity of purpose, moral and physical courage, and capacity for unselfish sacrifice to accept individual and collective responsibility for the preservation of the principles upon which this nation was founded and upon which it has built its way of life.

"Our American history has not been achieved in isolation from the rest of mankind; there is no more dangerous folly than to think that its achievements can be preserved in isolation. It has been a part of a vast movement—in the old world as well as the new—which has opened new vistas in the destiny of man; which has carried homan progress to new and exalted heights; which has through scientific attainment lessened the tyranny over man of the blind forces of nature; which, as never before, has expanded for the human race as a whole the opportunity for freedom of mind and of spirit. To this great stream of new ideas, new attainments, new cultural values, we have made our contribution; and we ourselves in turn have been nourished by it.

"The massed forces of lust for tyrannical power are directed today against the very basis of the way of life which has come to be the cherished ideals of a preponderant majority of mankind—against the moral, spiritual, social, political and economical foundations of modern civilization. Nation after nation has been crushed into surrender, overrun and enslaved by the exercise of brute force combined with fraud and guile. And as the dismal darkness beclouds upon more and more of the earth's surface, as its menacing shadow falls blacker and blacker athwart our continent, the very insistence of self preservation bids us beware.

"We have the power to meet that menace successfully if we at this time face the task which is before us in the same spirit in which former generations of Americans met the crises that confronted them in their times. We need material means of defense. These means we are determined to create, and we are creating them. But more than that is needed. Men will defend to the utmost only things in which they have complete faith. Those who took part in the struggle by which freedom was won for this nation would have found its hardness unbearable if they had not been imbued with transcendant faith in the things for which they fought. The task of preserving and defending freedom requires at times as stern and determined a struggle as the task of achieving freedom, and as firm a faith.

"No more vital test has ever confronted the American people than that which confronts it today. There are difficulties and dangerous times ahead. Our national independence and our cherished institutions are not immune from the challenge of the lust for power that already stalks so much of the earth's surface. Unprecendented effort and heavy sacrifices will be required of us at the price of preserving for ourselves and for our posterity the kind of America that has been fostered and preserved for us by the vigilance, courage and sacrifice of those who preceded us. We shall succeed if we retain unimpaired the most precious heritage which they bequeathed us—an unshakeable faith in the everlasting worship of freedom and honor, of truth and justice, of intellectual and spiritual integrity; and an immutable determination to give our all, if need be, for the preservation of our way of life. Without that faith and determination no material means of defense will suffice. With them we need fear no enemy outside or within our borders.

"In times of great crises there are always some who fall a prey to doubt and unreasoning fear; some who seek refuge in cynicism and narrow self interest; some who wrap themselves in the treacherous cloak of complacency. All these are dangers that lie within us. And these impair the faith and weaken the determination without which freedom cannot prevail.

"Each and every one of us must search his mind and his heart for these signs of fatal weakness. The stern realities of the crisis which is upon us call as never before for vision and for loyalty. They call for all the strength of hand, of mind and of spirit that we can muster. They call for self restraint, for self imposed and freely accepted discipline. They call for the kind of national unity that can be achieved only by free men, invincible in their resolve that human freedom must not perish. They call for unselfish service today if we are to win through to a secure and bright tomorrow.

"A responsibility seldom equalled in gravity and danger rests upon each and every one of us. Neglect or delay in assuming it willingly and fully would place in mortal danger our way of life and the sacred cause of human freedom. Were we to fail in that responsibility, we would fail ourselves; we would fail the generations that went before us; we would fail the generations that are to come after us; we would fail mankind; we would fail God.

"I am supremely confident that we shall not fail. I am certain that in the minds and hearts of our people still lie welling springs—inexhaustible and indestructible—of faith in the things we cherish, of courage and determination to defend them, of sacrificial devotion, of unalterable unity of purpose. I am certain that however great the hardships and the trails which loom ahead our America will endure and the cause of human freedom will triumph."

# Britain Faces Germany Alone as the Bordeaux Regime Signs Separate Armistice with Axis

TEN months and 21 days after the declaration of war against Germany, France laid down her arms at 1:35 p.m. (Shanghai time) Tuesday June 25 in accordance with the armistice signed June 22 at historic Compiegne where in 1918 the German armies had submitted to French terms. The order to cease fire was given by both sides exactly six hours after signature of the French-Italian armistice at Rome.

The official terms of the armistice were not known at the time of this writing although a list containing 11 clauses was published in London Sunday. These were subsequently branded false by Berlin. However a statement by Prime Minister Winston Churchill in the House of Commons Tuesday that the French fleet had passed under control of the Axis Powers tended to confirm at least one of the prematurely announced terms.

News of armistice brought sharp reaction throughout the world Sunday. An immediate rift developed between the allied London and Bordeaux governments as Mr. Churchill openly censured Marshal Petain's regime for failing to continue the semblance of struggle with Germany in accordance with the terms of alliance between the two nations. Swift recrimination was forthcoming from the Petain government which declared on that same day that the position taken by the British Prime Minister was all the more inadmissable in that he had been fully cognizant of the military situation in France from day to day. The statement rejected "The attempts being made to establish a distinction between (the Petain government) and the opinion of this country . . . . It rejects at once the tendentious affirmations of the British Prime Minister. French public opinion when it is informed will understand that it was impossible for the French government to follow a line of conduct other than that which it chose."

On Sunday, too, General Michel de Gaulle, Under Secretary for war in the Reynaud cabinet, announced in London the formation of a "French National Committee" which would rally round it the French colonial empire and all overseas Frenchmen to prosecute the war to a final conclusion by the side of the British nation. In announcing formation of the committee over the radio, Gen. de Gaulle said a full account of its activities would be given "To a French government that is independent and legal, as soon as such a government again exists."

The day following formation of the Committee the British government officially extended its recognition in a statement which declared in part: "His Majesty's government finds that the armistice terms are in contradiction with the agreements made between the allied governments; these reduce the Bordeaux government to the complete subjection of the enemy and deprive it of all liberty and all right to represent free citizens. His Majesty's Government has taken note of the proposal to form a provisional French National Committee fully representing independent French elements determined on the prosecution of the war . . . . it will recognize such a Provisional French National Committee and will deal with them in all matters concerning the prosecution of the war as long as that Committee continues to represent all French elements resolved to fight the common enemy."

Announcement of the new Committee brought messages of encouragement from Frenchmen and colonies in all parts of the world and the committee's London headquarters swarmed with volunteers. The prestige of the provisional body was enhanced by a report on June 26 that former Premier Reynaud would take part in it.

Shortly before the armistice came into effect on Tuesday, Chancellor Adolf Hitler issued a proclamation in praise of German arms and ordering a seven day tolling of church bells throughout the Reich while flags were to be flown for 10 days.

The German armies in a last push to occupy as much territory as possible before the fighting ended continued to drive down the Atlantic coast of France reaching a line between the Gironde estuary opposite Bordeaux and Angouleme, Tuesday. French resistance to the push was noticeably weaker. In the Vosges mountains to the north 22,000 French troops surrendered to the enemy on the day of the armistice. On the French eastern front French troops in a last minute battle with Italians were reported to have thrown back an offensive launched against them through the Alps thus demonstrating that even in their weakened position they were superior to the forces of their southern enemy.

According to an unofficial report from Geneva on Monday June 24, Italy will be permitted to occupy a large slice of French territory which it was unable to conquer by force of arms. This will include: (1) the whole Mediterranean coast of France (2) a semi-independent Italian principality including Nice, Savoy and part of the Dauphine, the boundary to run from the Dauphine over the Napoleonic road through Grenoble and Digne to the Riviera. A third clause of the alleged agreement would limit German military occupation to regions east of Grenoble and Chambrey.

While Great Britain continued preparations for a ruthless German invasion predicated by the growing Nazi vituperation against alleged wanton R.A.F. bombing of German open cities and civilian populations, by calling up another class of conscripts and generally hastening national defences from within as well as without, there was an marked world-wide readjustment of public opinion vis-a-vis the European conflict.

The London correspondent of The New York Times openly criticized dangerous wishful thinking by the British, according to a *Transocean* report from New York June 24. Britain he said, had looked on the collapse of Poland, Norway, Holland, Belgium and France as an audience would follow a pitiful course of some Greek tragedy and even with the final act Britain felt itself aloof from the tragedy.

In the South American countries neutral sentiment increased as the press in Brazil declared that Prime Minister Churchill's statement, that the salvation of democracy depended on aid to the Allies, was not necessarily so as the democracies in the Western Hemisphere would not be noticeably affected by events in Europe. The Chilean press following news of the armistice praised German magnanimity which it was sure would be shown France.

During the same harrassing days there took place a general realignment of most small European neutrals particularly in the Balkans, to the German side of the fray. On Sunday Rumania announced the formation of a single "Party of the Nation" and started openly on the road to totalitarianism. On Monday a "National Socialist" party was formed in Hungary on the basis of "Radical inner political change in the spirit of the new era." Several days earlier the Bulgarian Youth party had staged demonstrations throughout their little Balkan nation demanding alliance with Germany and revision of the Neuilly treaty. And in Yugoslavia Premier Zwetkowitch had told a German press representative that it was his country's desire to tighten its economic bonds with the Reich in every possible way.

# FRANCO-GERMAN TRUCE TERMS BELIE FORECAST OF "HONORABLE ARMISTICE" AS REICH GETS REVENGE FOR YEARS OF VERSAILLES

**The official German publicaction on the contents of the armistice conditions issued June 26, read as follows:**

**Between the Chief of the high Command of the German Armed Forces, Colonel General Keitel, who was commissioned by the Fuehrer of the German Reich and Supreme Commander of all German Armed Forces, on one hand, and by the plenipotentiaries of the French Government who were vested with sufficient authorities by the French Government, on the other hand, namely General Huntziger as Chief of the delegation, French Ambassador Noel, Vice Admiral Leluc, Army Corps General Parisot and General of the Airforce Bergeret, the following armistice was agreed upon:**

1. The French Government orders in France, in the French possessions, colonies, protectorates and mandates as well as on the seas, the cessation of hostilities against the German Reich. It orders the immediate downing of arms of the French units which are already surrounded by German troops.

2. In order to secure the interests of the German Reich, French state territory north and west of the line marked on the attached map will be occupied by German troops. As far as these territories are not yet in the hands of the German troops, this occupation will be carried out immediately after conclusion of this treaty.

3. In the occupied parts of France the German Reich exercises all rights of on occupying power. The French Government pledges itself to support by all means the decrees promulgated in the course of executing these rights and to cacrry them out with the aid of the French administration. All French authorities and the official bureaux of the occupied territory therefore are to be immediately instructed by the French Government to obey orders of the German military Commanders and to cooperate with them in a correct manner.

It is the intention of the German Government to restrict the occupation of the western coast to an absolutely necessary extent after the hostilities with Britain have been ended. It is up to the French Government to chose its seat of Government in unoccupied territory or if so desires, to shift it also to Paris. In that case the German Government guarantees the French Government and its central authorities every necessary facility, so that it is in the position to carry out the administration of occupied and unoccupied territory from Paris.

4. The French Armed Forces on sea, land and in the air shall be demobilized and disarmed within a period of time which is as yet to be fixed. Exempt are only those units which are necessary for the maintenance of domestic order, their strength and armament to be fixed by Germany and Italy respectively.

Units of the French Armed Forces in territory to be occupied by Germany will be speedily transferred to territory not to be occupied and are to be dismissed. Before marching off, these troops have to lay down their arms and equipment at the very place where they are at the time when this agreement comes into force. They are responsible for an orderly surrender to the German troops.

5. As a guaranty for the observance of the armistice agreement, an undamaged surrender may be demanded of all those guns, tanks, anti-tank weapons, military airplanes, anti-aircraft guns, infantry weapons, tractor engines and ammunition of units of the French armed forced which were engaged in fighting Germany and who at the time when this agreement comes into force are in the territory not to be occupied by Germany. The German Armistice Commission determines the extent of this surrender of war material.

6. The remaining weapons, ammunition and war material of every description in the unoccupied part of France—insofar as they have not been released for the equipment of the designated French units—are to be stored or rendered secure under German or Italian control. The German High Command has the right to decree all measures in this connection which when necessary may exclude any unauthorized use of these stocks. Any new production of war material in the unoccupied territory must be stopped immediately.

7. In the territory to be occupied all land and coastal fortifications are to be surrendered undamaged with weapons, ammunition, equipment, stocks and establishments of every description. Plans of these fortifications taken by German troops are to be handed over to the German High Command. The exact data regarding explosives, landmines which have already been laid, time fuses, poison gas, barriers, etc., are to be submitted to the German High Command. These obstacles are to be removed by French forces when demanded by Germany.

8. The French Navy—with the exception of that section which has been released to the French Government for taking care of French interests in its colonial empire —is to be drawn together in ports as yet to be defined more closely and to be demobilized and disarmed under German or Italian supervision. The peace-time naval stations of the ships are to determine the ports.

**The German Government solemnly declares to the French Government that it does not intend to employ the French Navy which is in ports under German control for war purposes with the exception of such units which are needed for coast guard purposes and for mine sweeping operations. It declares further solemnly and emphatically that it does not intend to make any claims to the French Navy at the conclusion of peace.**

Exclusive of that part of the French Navy which remains undetermined or which must safeguard French interests in France's colonial empire, all war vessels outside France must be recalled to France.

9. The French High Command must hand over to the German High Command the exact data on mines laid by France as well as on all other harbor and coastal barriers and defense establishments. Sweeping of mines, when required by the German High Command, must be carried out by French man-power.

10. The French Government pledges to undertake no hostile action with any of its remaining armed forces or in any other manner against the German Reich. The French Government also will prevent members of the French Armed Forces from going abroad or that arms, equipment, any kind of vessels, airplanes etc., are being sent to England or other foreign countries. The French Government will forbid French citizens to enter into service of such states which are still at war with Germany and to fight against Germany. French citizens violating this stipulation will be treated by the German troops as franctireurs.

11. French merchant vessels of all kinds including coastal and harbor craft, which are in French harbors, must be forbidden to leave port for an indefinite period. Resumption of trade is dependent on the permission of either the German or Italian Government. French merchantmen at present outside French harbors must be ordered back by the French Government and as far as this is not feasible, must be ordered to proceed to neutral ports. All German merchantmen brought in and held in French ports must be returned intact upon request.

12. All airplanes on French soil have to be instructed immediately that they are under no circumstances permitted to start. Each plane starting without the necessary permit issued by the German military authorities, will be considered by the German airforce as hostile and will be treated accordingly. Airports and ground installations of the airforce in unoccupied territory will be supervised by either German or Italian control organs. Their demolition may be requested.

13. The French Government is to take care that all installations, establishments and stores of the armed forces in the area to be occupied will be handed over intact to the German troops. It will also take care that harbors, industrial establishments and shipyards will remain in the present state, and that they are in no way damaged or destroyed.—The same applies to all means of transportation and traffic routes, above all railways, roads and inland waterways, the telegraph and telephone system as well as navigation marks and coastal lights. The French Government moreover pledges itself to carry out all necessary repairs of these when requested to do so by the German High Command. The French Government to take steps to insure that sufficient trained personnel, rolling stock and other means of transportation will be available in the occupied territory, corresponding to normal peace time conditions.

14. Immediate prohibition to broadcast for all broadcasting stations on French territory. The resumption of the radio service from the unoccupied territory to be subject to special regulations.

15. The French Government pledges itself to carry out the transit of goods between the Reich and Italy, to the extent demanded by the German Government.

16. The French Government will undertake to return the evacuated population to the occupied territories in cooperation with the competent German authorities.

17. The French Government pledges itself to prevent any transfer of property or stocks from the territory to be occupied by the Germans, to the unoccupied territory or abroad. These values and stocks in the occupied territory can only be disposed of by agreement with the German Government. The German Government in this regard will give consideration to the vital necessities of the population in the unoccupied territory.

18. The cost of the maintenance of the German Army of Occupation on French soil will be born by the French Government.

19. All German war and civilian prisoners in French custody, including persons under arrest or in prison who have been sentenced for acting in favor of the German Reich are to be handed over immediately to the Germans. If requested the French Government is obliged to surrender all Germans in France as well as in French possessions, colonies, protectorates and mandated territories, who are named by the German Government. The French Government pledges itself to prevent that German prisoners of war as well as civilian prisoners are taken from France to French possessions or abroad.

The French Government is obliged to place at the Reich's disposal or to prevent from continuing their journey all foreign airplanes in unoccupied areas. They are to be turned over to the German Armed Forces.

*America Nears the Crossroads*

# F.D.R. Warns Youth on Nation's Future

ADDRESSING the graduating class of the University of Virginia the evening of June 10, a few hours after Italy had declared war on the Allied powers, President Roosevelt outlined his attempts at keeping Mussolini from taking his people into the conflict. Already popularly known as "The hand that holds the daggar speech," the President's address indicates that a way might have been found to satisfy Italy's "legitimate" aspirations, short of war. The speech follows:

"Every generation of young men and women in America has questions to ask the World. Most of the time they are the simple but nevertheless difficult questions of work to do, opportunities to find, ambitions to satisfy.

"But every now and again in the history of the Republic a different kind of question presents itself—a question which asks not about the future of an individual or even of a generation but about the future of the American people.

"It is understandable to all of us I think that they should ask this question. They read the words of those who are telling them that the ideal of individual liberty, the ideal of free franchise, the ideal of peace through justice is a decadent ideal.

"They read the word and hear the boast of those who say that a belief in force—force directed by self chosen leaders—is the new and vigorous system which will overrun the earth. They have seen the ascendency of this philosophy of force in nation after nation where free instructions and individual liberties were once maintained.

"It is natural and understandable therefore that the younger generation should first ask itself what the extension of the philosophy of force to all the World would lead to ultimately.

"We see today for example in stark reality some of the consequences of what we call the machine age. Where control of machines has been retained in the hands of mankind as a whole, ultimate benefits have accrued to mankind. For mankind was then the master; the machine was the servant.

"But in this new system of force the mastery of the machine is not in the hands of mankind. It is in the control of infinitely small groups of individuals who rule without a single one of the Democratic sanctions that we have known.

"The machine in hands of irresponsible conquerors becomes the master; mankind is not only the servant—it is the victim too. Such mastery abandons with deliberate contempt all of the moral values to which even this young Continent for more than three hundred years has been accustomed and dedicated. Surely the new philosophy proves from month to month that it could have no possible conception of the way of life or the way of thought of a nation whose origin goes back to Jamestown and Plymouth Rock.

"Conversely neither those who spring from that ancient stock nor those who have come hither in later years can be indifferent to the destruction of freedom in their ancestral lands across the sea.

"Perception of danger to our institutions may come slowly or it may come with a rush and a shock as it has to the people of the United States in the past few months. This perception of danger—danger in a world wide area—has come to us clearly and overwhelmingly; and we perceive the peril in a world wide arena —an arena which may become so narrowed that only the Americas would retain the ancient faiths.

"Some indeed still hold to the now obvious delusion that we of the United States can safely permit the United States to become a lone island in a world dominated by the philosophy of force.

"Such an island may be the dream of those who still talk and vote as isolationists. Such an island represents to me and to the overwhelming majority of Americans today a helpless nightmare of a people without freedom, a people lodged in prison, handcuffed, hungry and fed through the bars from day to day by the contemptuous, unpitying masters of other continents.

"Let us not hesitate—all of us—to proclaim certain truths. Overwhelmingly we as a Nation and this applies to all the other American nations are convinced, that military and naval victory for the gods of force and hate would endanger the institutions of democracy in the Western World, and that equally therefore the whole of our sympathies lie with those nations which are giving their life blood in combat against those forces.

"The people and Government of the United States have seen with the utmost regret and with grave disquiet the decision of the Italian Government to engage in the hostilities now raging in Europe.

"More than three months ago the Chief of the Italian Government sent me word that because of the determination of Italy to limit so far as might be possible the spread of the European conflict, more than 200,000,000 people in the region of the Mediterranean have been enabled to escape the suffering and the devastation of war.

"I informed the Chief of the Italian Government that this desire on the part of Italy to prevent the war from spreading met with full sympathy and response on the part of the Government and the people of the United States, and I expressed the earnest hope of this Government that this policy on the part of Italy might be continued. I made it clear that in the opinion of the Government of the United States any extension of the hostilities in the region of the Mediterranean might result in a still greater enlargement of the height of the conflict in the Near East and in Africa, and that if this came to pass no one could foretell how much greater the theatre of the war might eventually become.

"Again upon a subsequent occasion—not so far ago—recognizing that certain aspirations of Italy might form the basis of discussions between the powers most specifically concerned I offered, in a message addressed to the Chief of the Italian Government, to send to the Governments of France and Great Britain such specific indications of the desires of Italy to obtain readjustments with regard to her position as the Chief of the Italian Government might desire to transmit through me. While making it clear that the Government of the United States in such an event could not and would not assume responsibility for the nature of the proposals submitted nor for agreements which might thereafter be reached, I proposed that if Italy would refrain from entering the war I would be willing to ask assurances from the other powers concerned that they would faithfully execute any agreement so reached and that Italy's voice in any future peace conference would have the same authority as if Italy had actually taken part in the war as a belligerent.

"Unfortunately, to the regret of all of us and to the regret of humanity, the Chief of the Italian Government was unwilling to accept the procedure suggested, and he has made no counter proposal.

"The efforts of this Government have been directed to doing what it could to work for the preservation of peace in the Mediterranean area, and it likewise expressed its willingness to endeavor to cooperate with the Government of Italy when the appropriate occasion arose for the creation of a more stable World order through the reduction of armaments and through the construction of a more liberal international economic system which would assure to all powers equality of opportunity in the World's markets and in the securing of raw materials on equal terms.

"I have likewise of course felt it necessary in my communications to Signor Mussolini to express the concern of the Government of the United States because of the fact that any extension of the war in the region of the Mediterranean would inevitably result in great prejudice to the ways of life and government and to the trade and commerce of all of the American Republics.

"The Government of Italy has now chosen to preserve what it terms its 'freedom of action' and to fulfill what it states are its promises to Germany. In so doing it has manifested disregard for the rights and security of other nations, for the lives of the peoples of those nations which are directly threatened by this spread of the war; and has evidenced its unwillingness to find the means through pacific negotiations for the satisfaction of what it believes are its legitimate aspirations.

"On this tenth day of June 1940 the hand that held the dagger has struck it into the back of its neighbor. On this tenth day of June 1940 in this University founded by the first great American teacher of Democracy we send forth our prayers and our hopes to those beyond the seas who are maintaining with magnificient valor their battle for freedom.

"In our American unity we will pursue two obvious and simultaneous courses; we will extend to the opponents of force the material resources of this Nation and at the same time we will harness and speed up the use of those resources in order that we ourselves in the Americas may have equipment and training equal to the task of any emergency and every defense.

"All roads leading to the accomplishment of these objectives must be kept clear of obstructions. We will not slow down or detour. Signs and signals call for speed—full speed ahead.

"It is right that each new generation should ask questions. But in recent months the principal question has been greatly simplified. Once more the future of the Nation and of the American people is at stake.

"We need not and we will not in any way abandon our continuing effort to make Democracy work within our own borders.

"But that is a component part of our national defense itself. The program unfolds swiftly and into it will fit the responsibility and the opportunity of every mna and woman to preserve our heritage in days of peril.

"I call for effort, courage, sacrifice, devotion. Granting the love of freedom, all of these are possible. And the love of freedom is still fierce and steady in the Nation today."

# Two Princesses Hold Mongolia Against the Enemy

BY C. Y. W. MENG

THE "holy war of resistance to the Japanese aggression" — as the Chinese call it—which China has been fighting for almost three years, has produced many a Chinese Joan of Arc, such women as Miss Liu Man-ching of Tibet and Miss Kao Yu-chu the representative of 20,000,000 Miao tribesmen of the Southwest, for instance. But perhaps the best known both for their military prowess and for the glamor surrounding their personalities are two princesses of Inner Mongolia: Chi Chun-feng and Pah Yun-ying.

The author met both these ladies during their recent visit to Chungking. The acquaintance has convinced him that they have shown the way for China's women; their faith has strengthened his faith in the ultimate invincibility of China.

Famed for their fighting qualities even in the bitterest winter weather that sweeps the northern plains, the Mongols whom these two women lead, are in the forefront of China's revitalized struggle to recover lost territory. The watchword of the Chinese government is "Recovery of lost territory begins with the northeast" and the slogan of the Inner Mongols against Japanese penetration of their rolling country is: "fight to the Yalu River."

Faith in her own people is an outstanding characteristic of Princess Chi Chun-feng. She admitted to the author that some Mongols had gone over to the enemy camp, but only because of irresistible pressure. "They are always looking for a chance to escape. The enemy has been exerting heavy pressure to induce us by plots and by force to join him. He also applies the policy of bidding Chinese to fight Chinese. But we, the Mongols, always stand firm in resisting the temptations. Following the formation of the puppet government in Nanking, the enemy exerted greater pressure on us but we remain firmer than ever before," she said.

## Fighter

**Princess Pah Yun-ying of the Eastern Banner (Ulatt Rear Banner) is mother of the nine-year-old Chassack and leads her son's 5,000 people as regent. She is also garrison commander of the banner acting for her son.**

### Most Popular

Twenty-six year old Princess Chi is now the most popular Mongol in China. She is the first woman Chassack (Banner Chief) in the entire Mongol history. She is also the first woman garrison-commander in Mongolia. She is one of the first women to lead her crack horsemen against the Japanese. She is the only woman member on the Suiyuan Mongolian Self-Administration Commission, and concurrently, chairman of the Commission's Reconstruction Sub-Committee.

Princess Chi is the acting Chassack of the Western Banner. The banner, known also as the Ulatt Banner is, is situated in western Suiyuan and has an area of about 15,000 square kilometers with a population of about 6,000 Mongols. The ruling house of the Western Banner are descendents of Hupt-Hassar, younger brother of Ghengis Khan. The first Chassack of the Banner was Prince Open, 19th lineal descendant of Hupt-Hassar, who was made the ruler of the Banner in 1648 by the Manchu Emperor Shun-chi.

Princess Chi Chun-feng was born in 1915. Her father a progressive Mongol of the Alashan-Holshut Banner in Ninghsia, was driven out of the Banner at the end of the Manchu Dynasty because of his revolutionary ideas. Chi was brought up by her adopted mother, Madame Norpaehten. They lived at Hsishang, about 20 kilometers south of Wuyuan, western Suiyuan trading center for Chinese and Mongols.

Madame Norpaehten is the aunt of Prince Talijaya of the Alashan-Holshut Banner and her husband is the relative of Prince Kantadortsi of the Talatt Banner. Therefore, Chi is the cousin of both Prince Ta and Prince Kan. A Mongol with the Chinese surname Chi means he or she is a peer, descendant of Ghengis Khan.

When she was 9 years old, the princess went to Peiping with Madame Norpaehten. There, she was taught to read and write Chinese by an old Chinese scholar. She also visited the former Manchu Imperial House. Her adopted mother is a relative of the old Imperial family.

Having gained the reputation of Mongolia's girl-genius because of her intelligence and scholarly qualities Princess Chi was sought by many suitors. At the order of Madame Norpaehten, she married Prince Shilapurtotsi, the Chassack of the Western Banner, in 1934. The prince was then 41 years old and the princess 20.

### Conspirators Plot

The prince died of tuberclosis in 1936. According to Mongolian custom, the first three months after the death of a prince, every one must give his attention to the burial ceremonies. After that, other problems are considered. Certain conspirators refused to make public the death of the prince. They planned to make another member of the family his successor as Chassack. With the help of some loyal followers, the princess reported the case to the Suiyuan Mongolian Self-Administration Commission and the Suiyuan Provincial Government. The authorities ruled that the problem of succession would be decided after the birth of Chi's child. If the child was a boy, all would be well, if not other means would be found to continue the succession. When Chi gave birth to a son in April, 1937, the conspirators all took to their heels and disappeared.

## Leader

**Princess Chi Chun-feng, acting Chassack of the Western Banner (Ulatt Front Banner), is the first Banner chieften in Mongol history. Only 26 years old she is Garrison commanders of her Inner Mongolian banner district.**

Puppet Mongol troops and Japanese units advanced into the banner territory late in 1937. The Princess, her mother and her son, were kept in the castle at Hsishang, virtual prisoners.

The loyal princess refused to live under such imprisonment and suppression. She sent secret representatives to Chinese authorities and asked for help. It was arranged that she should escape from the castle and Chinese troops would send men to escort her to Chinese-held territory.

The plan was discovered by Japanese agents, and on February 20,

1938, a regiment of puppet Mongol troops was sent to the castle to bring Chi and her family to Paotow.

With great courage and presence of mind, Chi told the puppet regiment that it would be inconvient for a young widow, together with an old woman and a small child, to travel by night. Besides, the castle was well surroundered by Mongol troops, and she had not even the slightest chance of escape. So she offered to go to Paotow with them the next day.

### Foiling the Enemy

The young woman gathered her loyal servants and followers, told them her decision to break the cordon during the night. She left every personal article behind except the Chassack seal. With a handful of followers, she carried her little son, helped her aged mother, left her castle, and began to find her way westward to the appointed rendezvous agreed upon by her representative and Chinese troops.

Before they had gotten very far the little band of fugitives was heard by the Mongol sentries, who began to fire at them. There was no going back, so she directed her men to resist. They succeeded in escaping by a hidden path and finally reached the Chinese side after five days of hide and seek with the pursuing Mongol troops.

She immediately reported her case and was awarded $6,000 by the Government. She then sent out a call for followers, and soon more than 300 crack horsemen of her banner came to join her. The Ministry of War then named her the Garrison-Commander of the Western Banner. She was appointed acting Chassack of the Western Banner by the Central Government in September, 1938.

Her horsemen are now divided into two regiments, all stationed on the western Suiyuan front for mobile warfare as well as acting as guides for Chinese regular forces. Among the many engagements of her horsemen with Japanese was the "Battle of Hsishantsieh," or Western Pass, when a handful of Mongols, with Chinese units, repulsed an invading Japanese column of more than 1,000 and some 50 tanks. They also played an active part in the attack on Paotow and the defense of western Suiyuan in the winter of 1939-1940. Princes Chi has participated in many of the engagements.

### Princess Pah

Princess Pah Yun-ying of the Eastern Banner, also known as the Ulatt Rear Banner in western Suiyuan, is the second of these two remarkable Mongol women. She is a mother, soldier and ruler. Besides giving her attention to the bringing up of her 9-year old son, Prince Kingeslin, she is now the *de facto* Chassack, and concurrently, Garrison-Commander of the Eastern Banner. Both titles are, of course, held nominally by her son, the hereditory prince.

The Eastern Banner is situated in western Suiyuan north of the Yellow River. It has an area of about 125,000 square kilometers and a population of about 5,000 Mongols. It controls the gateway between Suiyuan and Ninghsia, Chinghai and Sinkiang. The country is good for agriculture as well as for cattle raising.

Princess Pah Yun-ying was born in the Tumult Banner in 1903. She is the youngest of a family of seven children; four of them girls. Her home is at Yingchiangyao about 20 kilometers northwest of Paotow, western terminal of the Peiping-Suiyuan Railway. Her father, Pah Chun-lieh, was the *Chaguertsi* or minister of the Eastern Banner.

When she was 21 years of age in 1923, she was married to Prince Arhosesinjamlapa, the 18-year old Chassack of the Eastern Banner. During Prince Arhosesinjamlapa's lifetime, he believed that only a sound educational system and a well trained army could check Japanese activities in Mongolia. When the Mongolian Autonomous Council in Pailigmiao under Prince Teh became a tool for Japanese secret agents, the young Chassack started the movement for a separate commission for Suipuan Banners. The request, backed by all the Suiyuan princes, was granted and the Suiyuan Mongolian Self-Administration Commission was established in 1936. That year the prince, returning from a business trip to Taiyuan, capital of Shansi province, met with an auto accident at Yenmen Pass when his car went over a cliff. He was so badly injured that he died soon after in his castle.

When the Japanese invaded central Suiyuan in October, 1937, Princess Pah brought her son out with the help of a few loyal followers. The Princess then made a call to her soldiers and gathered more than 200 of them. With this handful of horsemen, she held her position for seven months in the Wula Mountain against the 8th Division of the puppet Mongolian Army. Cooperating with Chinese units northwest of Paotow, she fought many successful guerrilla engagements with the Japanese.

For its meritorious service, her troop was awarded $4,500 by the Government in 1938 besides regular pay. Prince Kingeslin was named the Garrison-Commander of the Eastern Banner by the National Military Affiairs Council. in July, 1938, and Pah Yun-ying was appointed to take actual command of the Mongol unit.

Besides directing guerrilla warfare, Princess Pah also takes charge of the administration of the Banner government. She usually rises at six, takes her morning meal at eight. Then she spends two hours between 10 and 12 for the administration of Banner civil affairs. From 12 to 2 in the afternoon she takes a little rest. Three o'clock finds her talking or conferring with her officials and officers. Dinner is served at four. The two hours between six and eight in the evening are spent on the education of the Little Prince.

Take a "see" holiday!

GO EMPRESS

AS USUAL

To North America

Enjoy Canadian Pacific

Service
Comfort
Fun

and a Good Table
a C. P. R. Tradition

Record-breaking trans-Pacific speed, then the trip of trips in *air-conditioned* trains. See Banff, Lake Louise, Great Lakes, Niagara Falls, Montreal, Quebec. Convenient connecting train service to United States points. If Europe-bound, connect direct with Canadian Pacific Trans-Atlantic liners.

One management all the way!

NEXT SAILINGS

*To Pacific Coast:—*
Second Week in July.
Second Week in August.
Second Week in September.

*To Hongkong and Manila:—*
First Week in July.
Fourth Week in July.
Fourth week in August.

Canadian Pacific
WORLD'S GREATEST TRAVEL SYSTEM

The Bund & Peking Road, Shanghai.
Tel. 19490

# Britain and Japan Sign Pact To Settle Tientsin Silver Problem

The reverses suffered by the Allies in the European war have had important repercussions on the Far East. With the French capitulation to Germany and with Britain in danger of an imminent German invasion, the two erstwhile Allies appear to have abandoned their firm stand in the Far East and are hastening to come to terms with the Japanese. Despite the utter failure of the much-discredited "appeasement" policy in Europe, France and British are resorting to this same policy in their current dealings with Japan at China's expense.

While France has succumbed to the Japanese demand for the closure of the French Indo-China, Yunnan border to Chinese traffic, the British have likewise submitted to the Japanese in regard to the Tientsin issue involving the disposition of the Chinese silver, and Anglo-Japanese police cooperation in the British Concession there. Currently, it is also rumored that the British may yield to the Japanese demand to close the Burma highway.

On June 20, it was announced simultaneously in London and Tokyo that an agreement had been reached between Britain and Japan regarding the settlement of the Tientsin dispute. In announcing the settlement in the House of Commons, Mr. R. A. Butler, Under-Secretary of State for Foreign Affairs, did much to minimize the importance of the concessions made to Japan. But in spite of his attempt to do so, it is apparent that the Anglo-Japanese agreement virtually provides for Japanese participation in the municipal administration of the British Concession and the handing over of the Chinese silver to the Japanese.

In the course of his statement, Mr. Butler referred to the police arrangements providing for closer cooperation between the British municipal administration and the Japanese authorities in Tientsin in cases against persons in whose criminal activities the latter are interested. He said: "I wish to emphasize——that in such cases the necessary action will always be taken by the Municipal Police themselves, and that the administrative integrity of the British Concession is fully preserved in the agreement." But a persual of the text of the agreement, which is printed below, will indicate that the integrity of the Concession is not as fully preserved as Mr. Butler thought it to be, for Japanese gendarmes will be permitted to be present in effecting the arrest of any alleged anti-Japanese persons in the Concession.

As a result of the Anglo-Japanese Agreement, the Japanese blockade of the British and French Concessions was lifted at 6 p.m. on June 20 after having been in force for 372 days. The formal opening was preceded by a brief ceremony when Japanese guards were drawn up and inspected by an officer, who addressed them briefly, after which they were dismissed. All restrictions on vehicular and pedestrian traffic between the Concession and outside area, were removed.

With reference to the Tientsin agreement, the Ministry of Foreign Affairs in Chungkng issued a statement on June 21. The statement in part said: "With regard to the Chinese silver in the British Concession in Tentsin, the Chinese Government desires to place on record a point to the effect that the silver in question is the property of the Bank of Communication and is part of the reserve fund for legal tender notes.

"The Chinese Government further records its view that the British Government is acting as trustee for the interests of the Bank of Communications and the Chinese Governments in respect to the balance of the silver after a quantity equal to £100,000 sterling has been set aside by the Chinese Government for relief purposes in North China.

"Consequently, the arrangement now made for placing the remaining silver under seal does not alter its status in any respect."

Referring to the provision that the Japanese will be permitted to participate in the control of political activities in the British Concession, the spokesman of the Foreign Office said that it is regrettable that the agreement provides possibility for interference by Japan with the administration of the British Concession, and is at variance with the existing Sino-British Agreement regarding the Concession. British acquiescence in the circulation of "Federal Reserve Bank" notes in the British Concession was also assailed by the spokesman.

In spite of the agreement reached between Britain and Japan, concrete measures for the carrying out of the provisions therein romain to be worked out. Negotiations on these measures are understood to be conducted between the Japanese Consul-General in Tientsin, Yoshio Muto and the British and French Consuls-General. Meanwhile, the puppet officials in Peiping are making their voices heard. On June 21, a spokesman of the North China Political Commission declared in a press interview that actual settlement of the one-year-old Tientsin dispute will not be completed until the British and French authorities fully meet their obligations under the agreements reached in Tokyo with the Japanese Government. The spokesman added that this will

PICNIC TIME
IS REFRESHMENT TIME

Ice-cold Coca-Cola is a natural partner of good things to eat . . . so take along a few bottles of this refreshing drink. You can buy Coca-Cola at dealers everywhere.

*Authorized Bottler*
WATSON'S MINERAL WATER CO., INC.

be their last chance of showing their willingness to contribute to the establishment of a new order in East Asia.

The China Campaign Committee in London, in a statement issued on June 21, protested against the Anglo-Japanese agreement on Tientsin. The Committee termed the accord "a further example of Britain's policy to appease Japan at China's expense."

The text of the Agreement, according to a British Embassy release issued in Shanghai, is as follows:

As the result of discussions which have taken place between the British and the Japanese authorities since July, 1939, in regard to questions affecting the British Municipal Area in Tientsin, agreement has been reached on the following points:

A.-Maintenance of law and order within the British Municipal Area:—Detailed arrangements have been made for closer co-operation between the authorities of the British Concession and the local Japanese authorities for the suppression of all terrorist activities prejudical to the maintenance of peace and order and to the security of the Japanese forces. In particular, arrangements have been made for Japanese Gendarmes to offer information and to be present when action is taken by the British Municipal Council Police, against persons in whose criminal activities the Japanese authorities are interested.

### Transactions In Arms

Such action will include supervision of dealings in arms and explosive substances, supervision of publications, cinemas and political meetings and arrest and disposal of persons engaged in the activities mentioned in the preceding paragraphs.

Arrangements have also been made for the suppression of unauthorised wireless communications.

B.—Silver Coin and Bullion:—

1.—The silver coin and bullion now in the Bank of Communications in Tientsin shall remain in that Bank under the joint seal of the British and Japanese Consuls-General in that city.

2.—Except as provided in paragraph 3 below, this silver shall remain under seal until such time as the Governments of the United Kingdom and Japan shall agree upon other arrangements for its custody. The silver shall he sealed in the presence of the British and Japanese Consuls-General in Tientsin.

### £100,000 For Famine Relief

3.—Before the silver is thus placed under seal, a quantity equivalent to the sum of £100,000 sterling shall be set on one side to provide a fund for the relief of famine conditions resulting directly from the floods in certain areas and the drought in other areas of North China. Such relief shall include the provision of certain machinery urgently required from abroad to drain the water from the flooded areas, thus diminishing the danger of epidemics.

4.—The appropriate British authorities will be prepared to give all possible facilities to enable the silver thus set on one side to be allocated for relief purposes; to be sold; and to be used for the purchase of foodstuffs and other articles required for relief.

*(Continued on page 184)*

China's Best

美麗牌香烟

My Dear

CIGARETTES

*A leading product of*

HWA CHING
TOBACCO CO., LTD.

SOLD
EVERYWHERE

● FADELESS
● SMART
● ECONOMICAL

Lun Chong
*fabrics*

*Replaced if colours fade.*

*Printed fabrics:*

| | |
|---|---|
| LUNBRIC ..... | $1.20 per yd |
| LINENNE ..... | $1.35 per yd |
| MARSARELLE ... | $1.60 per yd |
| LUNPOPLIN ..... | $1.70 per yd |

*Plain shade fabric*

| | |
|---|---|
| FASCO ..... | $2.10 per yd |

Beware of Imitations!
*Look for the Laundryman Ticket on every 2yds. The Lun Chong guarantee of free replacement if colours fade in wash or wear.*

*On sale at all leading stores*

*Sole manufacturers*
The China Printing and Finishing Co.
Wayfoong House
220 Szechuen Road Shanghai



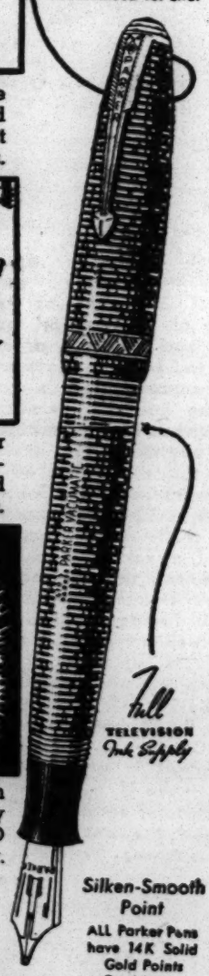
THE TWO GREATEST WRITING INVENTIONS OF THIS ERA...
PARKER QUINK AND THE GUARANTEED FOR LIFE PARKER VACUMATIC

*Parker Vacumatic Pens marked with the Blue Diamond on the Arrow Clip are Guaranteed for Life.

The supreme Parker Vacumatic inspired the supreme ink—called *Quink*—the new kind of ink that actually cleans a pen as it writes. Eliminates 69% of all pen troubles.

To combat pen-clogging caused by inferior ink, Parker *Quink* contains 5 secret, harmless ingredients that dissolve grit, gum and dirt left behind by old-time inferior inks.

Whatever pen you use, give it new life with Parker *Quink*—and for perfect writing, try the new Parker Vacumatic BLUE DIAMOND pen, "Guaranteed for Life*"—plus *Quink*.



Full TELEVISION Ink Supply

Silken-Smooth Point
All Parker Pens have 14K Solid Gold Points Osmiridium tipped

Two kinds: Washable and Permanent

Parker Quink

71-36

◆ *Pens marked with the Blue Diamond are guaranteed for the life of the owner against everything except loss or intentional damage, subject only to a small service charge to cover postage, insurance and handling.

Blue Diamond Pens U.S.$10.00 or U.S.$8.75; others from U.S.$5.00 up.

Factory Sales Representatives:
Dodge & Seymour (China) Ltd.
51 CANTON ROAD - - - - - - - - - - SHANGHAI

# Pan-American Emergency Meet To Discuss Cartel, Colonies

An emergency conference of Foreign Ministers from the 21 American Republics, to consider new problems facing the Western Hemisphere due to the changing European situation, will be held in the near future U.S. Secretary of State Cordell Hull announced on June 23. Cuba has asked that the conference meet in Havana.

The coming talks will center round two problems whose satisfactory solution will mean the beginning of an unprecedented political and economic inter-dependence between New World nations. The problems are: establishment of a giant cartel which will regulate export to non-American nations of approximately US$2,000,000,000 worth of surpluses in raw materials, food and manufactures each year, and; the final disposal of European owned colonies in the Western Hemisphere.

Commenting on the proposed cartel President Roosevelt declared on June 22 that it was designed "As a means of protecting the United States and Latin American economies from the repercussions of a disturbed international situation." The President defended the plan against critics whom, he said were "Deceitful enough to contend it envisages the immediate import by the United States of all Argentine beef export surpluses."

He added that the cartel was being designed for all the American nations nations," the President said.

## Not A Substitute

The President emphasized however that the plan was not designed to take the place of the program of reciprocal commercial treaties developed during the past few years by Secretary Hull, "The principles underlying the reciprocal treaties are still the most effective basis on which to achieve beneficial economic relations among nations," the President said.

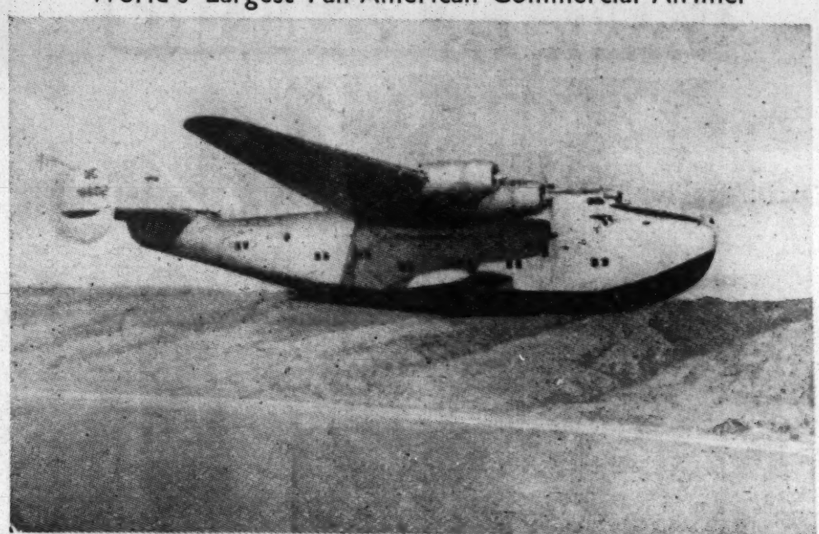
The other problem facing the conference, eventual disposal of European colonies in the Western Hemisphere, seems to have caused a division of opinion among the Americas already, some governments favoring maintenance of the *status quo* and others, led by Cuba, favoring a Pan-American mandate over the colonies. Certain nations according to a *Transocean* report, have expressed special wishes in regard to partitioning of the territories. The Argentine has reiterated its demand for a return of the British owned Falkland Islands and Guatemala has asked for British Honduras.

## German View

An interesting interpretation was put on the forthcoming conference by the German agency which, in a dispatch from Washington on June 23, declared three principle activities would be carried on: (1) The immediate support by the United States of those South American countries whose European markets have been cut off; (2) The buying up of raw materials important for military purposes and their storage in the United States; and (3) A program of long term control by the United States over all South American exports in order to prevent these lands from making special agreements with the totalitarian countries.

The German agency reported further that the Washington Evening Star and the United States News advocated on June 23 that the "South American nations must be taken under control, they must cooperate with Washington. The United States is about to supply them with the means of avoiding economic distress and it can expect them to direct their eyes to the north instead of to Europe."

## World's Largest Pan-American Commercial Airliner



**Model 314 Pan-American Clipper, made by the Boeing Aircraft Company of Seattle for service on the new San Francisco-Auckland, New Zealand and New York - Brazil - Argentena air routes. These giants shortly to be in service on both the Pacific and Atlantic, weigh' 82,500 pounds, have a wing-span of 152 feet and a length of 106 feet. The height, overall, is 27½ feet. They carry a useful load of 33,955 pounds besides 4,200 gallons of fuel for their four 1,500 hp. Wright Cyclone engines. The cruising speed is 175 miles an hour, with a range of 3,100 miles carrying 40 passengers. The plane has accommodations for 74 passengers on day-flights and 40 passengers on night flights. The crew number 8 to 15. The hull is of all-metal, semi-monocoque structure divided into 11 sections by truss-type bulkheads. There is an upper deck, main deck and a series of water-tight compartments below floor. The wings are all metal, tapered, cantilever, of aluminum alloy with semi-monocoque panels of two spars, ribs and stressed steel covering. All engines are accessible during flight by means of passageways through the wings. Six planes of this type will be placed in service in 1941.**

**The Boeing plant at Seattle is now in process of being expanded by more than 75 per cent in order to carry out a war contract amounting to US$23,000,000. The planes to be constructed will be twin-engined attack bombers, built under license of the Douglas Aircraft Company of Santa Monica, California, which has a contract of similar size for war planes. The Boeing plant is now constructing fleets of 4-engine Boeing Flying Fortresses for the U. S. Army Air Corps and 4-engine Clippers and Stratoliners for commercial services. The construction of commercial planes will not be affected by the war orders, according to P. G. Johnson, President of the Boeing Company.**

MADE with EXTON
Du Pont's new bristle like filament, made exclusively for
The New
Dr. West's
Miracle-Tuft
TOOTHBRUSH
Get yours today
At last the perfect tooth brush! Can't get soggy, can't shed, cleans teeth better than ever before possible. Lasts longer.

*Factory Sales Representatives:*

**Dodge & Seymour (China) Ltd.**

51 CANTON ROAD - - SHANGHAI

# THE
# CENTRAL BANK OF CHINA

## A BANKERS' BANK

**HEAD OFFICE :**
CHUNGKING

---

**SHANGHAI OFFICE :**

Telephone: 74430 Cables: "Governbank"

BRANCHES :

| | | | |
|---|---|---|---|
| SHANGHAI | Swatow | *Nancheng* | *Nankiang* |
| HANGHSIEN (Yungkang) | *Kongmoon* | Lanchow | *Tsehsutsing* |
| *Ningpo* | WUCHOW | *Tienshui* | *Nanpu* |
| *Chuhsien* | Kweilin | Kweiyang | *Mienyang* |
| AMOY | TIENTSIN | *Panhsien* | *Lotsan* |
| Foochow | Peiping | KUNMING | *Kwangyuan* |
| *Tsinkiang* | NANCHANG | *Mengtsu* | *Santai* |
| *Nanping* | *Kian* | CHUNGKING | *ICHANG* |
| *Chienou* | *Linchwan* | Chengtu | *Hankow* |
| *Pucheng* | Chengchow | *Wanhsien* | Changsha |
| *Santuau* | Kaifeng (Nanyang) | Ipin | Changteh |
| *Kulangsu* | *LOYANG* | Yaan | *Hengyang* |
| CANTON | Sian | *Kiangtsing* | *Lingling* |

**FOREIGN CORRESPONDENTS :**

NEW YORK, LONDON, BERLIN, PARIS, GENEVA, OSAKA AND HONGKONG

# Japanese Bombers Rain Destruction On Chungking After Week of Quiet

After six days of involuntary respite forced upon them by foggy weather, Japanese planes on June 24 again took up their civilizing task of bombing resistance out of China's capital. The 126 naval airships released hundreds of incendiary and demolition bombs over all parts of Chungking and followed up their work in truly scientific style by deluging the city with vari-colored propaganda pamphlets evidently intended to swing what remained of the population away from anti-Nipponism.

Both the British and the French Consulate buildings were razed with four direct bomb hits, said by the *United Press* correspondent to have been dropped when 27 planes concentrated on the quarter in which the buildings stood. These were the only remaining foreign consulate buildings in Chungking since the demolition of the German consulate on May 4 last year. Other public structures razed in the raid were the Catholic Mission hospital and the Chinese Municipal Hospital. The British Embassy building was saved from destruction only by the fact that a bomb which landed on its roof proved a dud.

Some 200 Chinese were killed and wounded in the attack which lasted four and one half hours. A total of 1,000 dwellings were demolished.

Among the pamphlets dropped was one bearing the following interesting inscription:

**"Sun rises, Japanese bombers come.**

**"Moon rises, Japanese bombers come again.**

**"Scores of squadrons have been added to the Japanese Air Force.**

**"The explosives they drop are more terrific and destructive.**

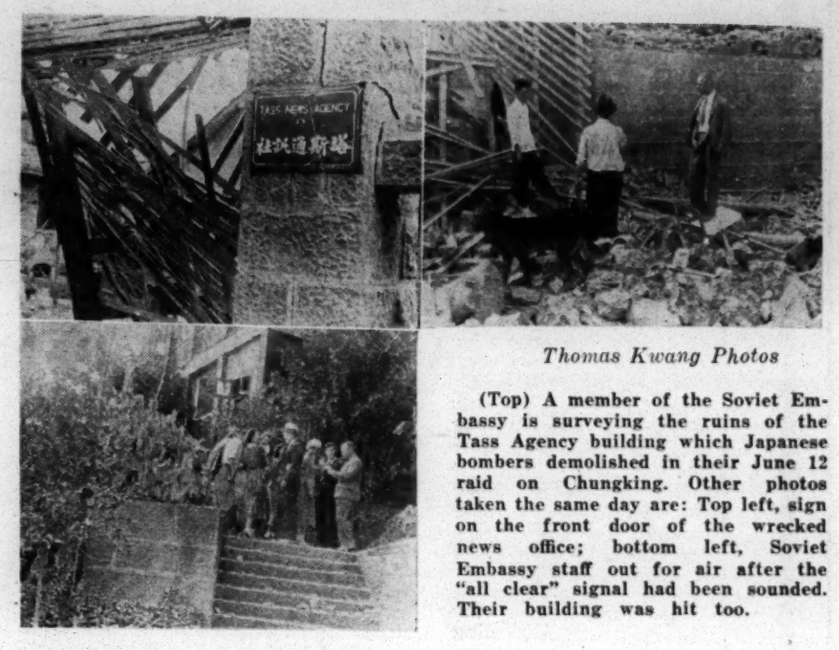
**"The Golden City of Chungking will soon be in ruins.**

**"Wake up! Resistance has no meaning."**

On June 25 the Japanese Navy planes in succeeding waves swarmed above the capital again. More than 100 rained missiles down on the city for six hours. The French Embassy building was almost hit more than once and was rocked by nearby blasts. The bombers concentrated on the banks of the Yangtse and the Chungking peninsula. On Wednesday 120 planes again raided the capital dropping more than 600 bombs.

Chinese planes became active this week when small squadrons raided Japanese occupied Ichang twice on Sunday afternoon and again Tuesday morning. According to Japanese reports little damage was done save the killing of a few Chinese and wounding of several Japanese. An American vessel tied up at the Standard Oil Company docks was slightly damaged in the first raid by flying bomb splinters.

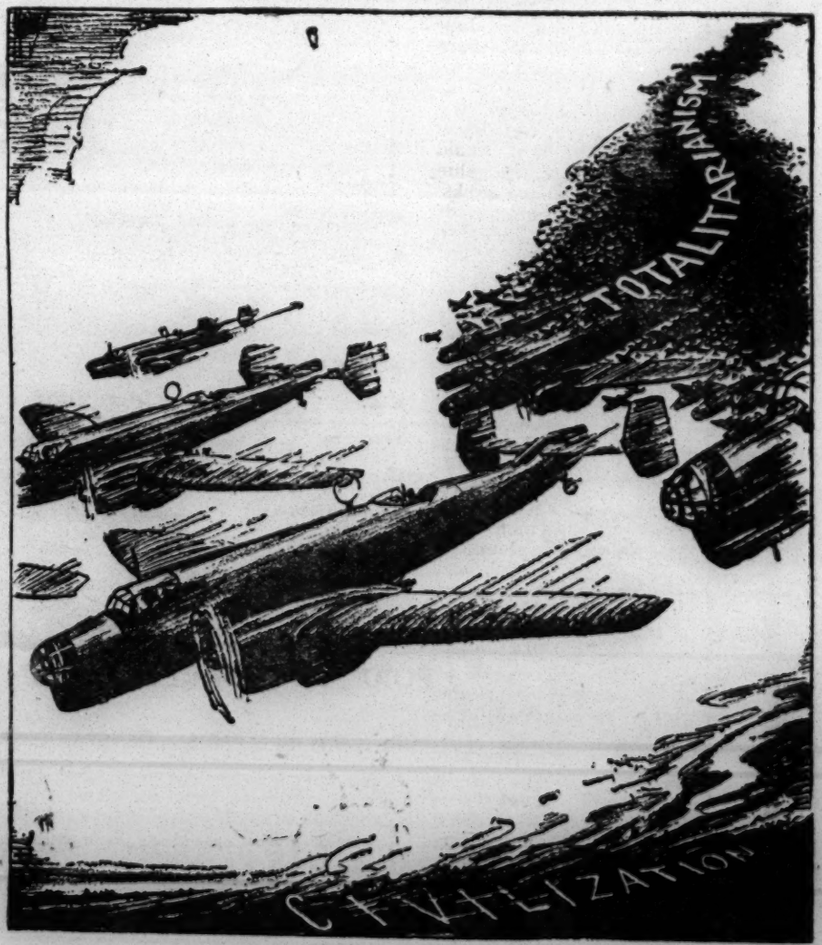
## Soviets Suffer




*Thomas Kwang Photos*

**(Top) A member of the Soviet Embassy is surveying the ruins of the Tass Agency building which Japanese bombers demolished in their June 12 raid on Chungking. Other photos taken the same day are: Top left, sign on the front door of the wrecked news office; bottom left, Soviet Embassy staff out for air after the "all clear" signal had been sounded. Their building was hit too.**

## Japan's New Role In China




*New York Times*

# Nanking Seeks More Power from Japan as Sino-Japanese Peace Rumors Spread

While Japanese and Nanking sources continue to maintain a studied silence on the parleys between Wang Ching-wei and Gen. Nobuyuki Abe, the Japanese envoy to the Wang regime, an interesting revelation was made last week by a neutral source regarding the alleged demands Wang presented the Japanese Government through Chen Kung-po during the latters recent visit to Tokyo. Whether or not it is these alleged demands which are blocking the progress of the Nanking negotiations cannot be ascertained. However, judging by reports from Nanking, both Japanese and Wang Ching-wei circles appear anxious to come to a speedy agreement "in order to enable China and Japan to meet jointly the effects on East Asia of the European conflict."

The demands which Wang allegedly submitted to Tokyo were as follows:

1. Permission to organize a strong Chinese army by the Nanking Government;
2. Permission for the establishment of a new Central Bank of China in Nanking; and
3. Immediate recognition of the Nanking Government by Japan.

All the three demands, it was alleged, have been rejected by the Japanese Government. Regarding the first demand, the Japanese were said to have expressed the view that organization of a Chinese army may have the effect of strengthening Chinese guerrillas as the new Chinese soldiers may easily turn guerrillas.

As to the second demand, the Japanese reportedly asserted that there is already considerable confusion regarding Chinese currencies, such as the "Hwa Hsing Bank" notes and the "Federal Reserve Bank" notes. The establishment of another bank would only lead to depreciation in the value of the notes issued by the two banks.

With regard to the recognition of the Nanking regime, the Japanese authorities were said to have replied that the present is not an opportune time for formal recognition, intimating that such recognition can only follow the conclusion of a Nanking-Japanese treaty.

### Fresh Instructions

Meanwhile, Gen. Abe, having received fresh instructions from Tokyo, was reported to be hastening his negotiations with Wang Ching-wei for the conclusion of a basic treaty readjusting Nanking-Japanese relations. The instructions, which were framed by the Asia Development Board at the end of last month and approved at the June 14 meeting of the Japanese Cabinet, were recently brought to Nanking by Maj.-Gen. Sadaaki Kagesa, influential member of Gen. Abe's staff, who went to Tokyo last month to report on the status and progress of the Wang-Abe negotiations.

Quoting unidentified "Chinese and Japanese military authorities" in Nanking, *Domei* issued a lengthy report from Nanking alleging that these "authorities" were urging an immediate readjustment of Sino-Japanese relations in order to enable the two countries to "meet the effects on East Asia of the European conflict." These "authorities," the report stated, expected an increase of German and Italian influence in the Far East as a result of possible French withdrawal from this part of the world. The belief was also expressed that Germany and Italy, especially the latter, would cooperate in the establishment of a "New Order" in East Asia.

Referring to the position of France in the Far East, the *Domei* report quoted the alleged authorities as having stated that France's defeat in Europe has dealt a death blow to her position in East Asia. It was further alleged that France has been constantly giving material and spiritual assistance to Chungking and has announced its refusal to recognize the Nanking regime. Now with the French capitulation in Europe, the report believed, French Indo-China will lose its position as a war supply route to Chungking.

Regarding the position of Great Britain in the Far East, Nanking circles expressed the opinion that after losing her ally, France, in the hostilities against Germany and Italy, Britain is now forced to concentrate her entire strength in continuing the conflict. It was predicted that Britain's Far Eastern policy will collapse as a result of the outstanding developments in Europe.

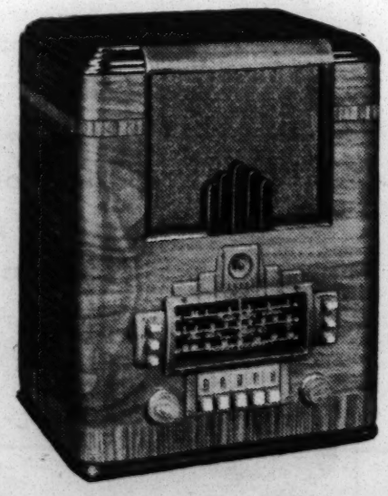
With further assistance from Britain or France precluded, *Domei* further stated, Chungking can only appeal to the United States and the Soviet Union for aid, but assistance from these two countries, the agency believed, will be limited in scope. Thus, *Domei* concluded, with the situation as it is, peace movements within the Chungking Government are gaining ground rapidly and the alleged peace faction in Chungking would join Nanking after Japan formally recognizes the Nanking regime.

### Peace Rumors

In connection with the peace rumors, *Domei* was responsible for several more items. A canard, first emanating from Italian sources in Rome, was repeated by the Japanese agency alleging that Chinese diplomatic envoys abroad, including Chen Chieh, Chinese Ambassador to Berlin, and Dr. Quo Tai-chi, envoy to London, are urging Gen. Chiang Kai-shek to seek peace with Japan in view of the sudden change in the international situation as a sequel to France's capitulation to Germany.

Another rumor was to the effect that Gen. Tang Sheng-chih, head of the Commissary Department and formerly Garrison Commander of Nanking, had been deprived of his post as a result of his alleged participation in the peace movement. Announcement of his dismissal was said to have been made by the Na-


1940 ZENITH LONG DISTANCE RADIO 1940



**Model 7-S-1428**

—7 Valve A.C. Superhet.—Wave Bands: 545-1720; 2260-7200; 7000-22500 K.C. (13 to 550 meters)—**Multipotent Circuit**—Double Action Cathode Ray Indicator — Transcontinental Automatic Tuning —Full Vision Black Dial—64 Tone Position **Radiorgan**—8 inch Speaker—Walnut Cabinet. Dimensions: 12 1/8 x22 1/2 x10 1/8 inches.

**A NEW SHIPMENT OF THE LATEST MODELS HAS JUST ARRIVED**

*Sole Agents:*

**SCIENTIFIC SERVICE COMPANY**

SHANGHAI - HONGKONG - SINGAPORE

tional Supreme Defence Council in Chungking last week.

**China to Fight on**

Japanese peace propaganda and the effect of the European developments on China and recent Japanese airbombings of Chungking were counteracted by a strong statement made by Gen. Chiang Kai-shek last week reaffirming China's determintion to continue the war and achieve victory. Commenting on the European situation, Gen. Chiang declared: "It is impossible, yet, to forecast the final outcome of the European war, but whatever happens, the developments in Europe cannot be other than favourable to Chinese resistance, particularly the American Naval Expansion embargo on machine tools and essential defence materials, which has determined the future of the Far Eastern situation and assured China's final victory."

Referring to the Japanese drive up the Yangtsze from Hupeh, Gen. Chiang said: "We are meeting the Japanese 'blitzkrieg' tactics with magnetic warfare, drawing the enemy to his doom." Speaking of the Japanese bombings of Chungking, the Generalissimo paid high tribute to the Chinese Air Force, which engaged the Japanese bombers at odds of often one to five, and in many cases fighting continuously from three to six hours, without respite. Gen. Chiang revealed that the Chinese National Government office was demolished by Japanese bombing, but asserted that "even if Japanese bombers levelled the entire city of Chungking to the ground, our National Government office will continue to hold meetings here."

Referring to the Japanese pamphlets dropped over Chungking, the Generalissimo stated it was evident that the Japanese hoped to compel the Chinese to surrender.

"There can be no peace but surrender, if the Chinese negotiated for peace now," he declared. "We must continue to resist even if we are compelled to withdraw into one province, or one city, where we can still breathe the air of freedom.

"Our determination and unity cannot be shaken," he concluded.—

**T.V. Soong Goes to U.S.A.**

Considerable speculation has been aroused by the recent departure of T. V. Soong, President of the Bank of China, for the United States by air. Mr. Soong left Hongkong on June 18 for Manila from where he flew to the United States on June 21 aboard the Honolulu Clipper. He was accompanied by Dr. Arthur Young, American financial advisor to the Ministry of Finance. While Mr. Soong announced upon his arrival in Honolulu on June 24 that he was proceeding to New York to inspect the branch office of the Bank of China there, Japanese sources alleged that he was carrying with him important secret instructcions from Gen. Chiang Kai-shek. It was claimed that Mr. Soong would exchange views with American Government leaders on the questions of peace and the extension of further financial assistance to China by the United States. Japanese reports further alleged that Gen. Chiang had promised Mr. Soong that should he be successful in his mission, he would be installed as the Executive Yuan President and Minister of Finance.

Commenting on the present visit of Mr. Soong to the United States, the *Shun Pao* in an editorial on June 23 remarked that Mr. Soong's trip is bound to improve Sino-American relations. While the nature of his mission is still unknown and while his activities in the United States may not be confined to the economic field, the paper said, the circumstances under which Mr. Soong is visiting the United States deserve special attention.

In particular, the *Shun Pao* pointed out that Mr. Soong is visiting America at a time when the America Government is strengthening its Far Eastern policy. The United States and the Soviet Union are the principal neutral Powers now still aloof from the European war. They are gravely concerned over the situation in the Pacific, with which their national interests are inseparably bound up. Both the United States and Soviet Russia have adopted a just attitude towards the Sino-Japanese hostilities, and sympathize with China's resistance against Japanese aggression. While the Soviet Union is forced by the European war to adopt a vigilant attitude towards the European situation, the United States is strengthening her Far Eastern Policy.

In conclusion, the *Shun Pao* said that President Roosevelt's nomination of Colonel Henry Stimson, former Secretary of State, as Secretary of War in succession to Mr. Woodring is a matter of historic importance, because Mr. Stimson is well-known for his anti-aggression principles and a member of the Republican party. Under such favourable circumstances, Mr. Soong will have little difficulty in fulfilling his vital mission. Though not a professional diplomat, Mr. Soong is distinguished for his frankness and integrity, qualities which are deeply admired by the American people.

By order of the Ministry of Finance June 17, the Foreign Trade Commission was reorganized with K. P. Chen remaining as chairman. The following appointments were officially announced.:

Chu Hsi-nung, Chief Secretary of the Commission.

Hsu Yang Hsin, Adviser and concurrently Secretary.

Yu Shao-kwang, Secretary.

BANK OF CHINA

*The Specially Chartered International Exchange Bank of China*

With Branches and Sub-branches throughout China, and Agencies and Correspondents all over the world, this Bank offers all kinds of banking facilities to meet your personal and business requirements.

●

624 Avenue Joffre · Shanghai, China

Yuan Chung-1, Director of the General Affairs Department.

Miu Chung-hsiu, Director of the Export Trade Department.

Tung Chi-ling, Director of the Import Trade Department.

Wu Te-yuan, Director of the Finance Department.

Chen Chia-chi, Director of the Foreign Exchange Department.

Yang Kai-tao, Director of the Technical Department.

Shih Chung-huai, Director of the Storage and Transportation Department.

### Konye Resigns

A significant development in Japanese politics was the resignation of Prince Ayamaro Konoye as President of the Privy Council on June 24. Observers in Tokyo declared that Prince Konoye decided to resign in order to fulfil his long-cherished desire to strengthen the domestic front by assuming leadership of the projected national single political party. The Japanese emperor, in recognition of Prince Konoye's past services, accorded him the honorary Prime Ministerial rank.

Meanwhile, a successor to Prince Konoye was promptly selected by the Japanese Government in the person of Dr. Yoshimichi Hara, Vice-President of the Privy Council, who was advanced to the post of president. A doctors of laws, the new President was Justice Minister in the Tanaka Cabinet in 1927 and was appointed Vice-President of the Privy Council in 1938.

### Japan Heading Toward Fascism

The significance of Prince Konoye's resignation from the Privy Council in order to sponsor the single-party movement lies in the fact that Japan is definitely heading toward fascism or totalitanism. If the movement be successful which is as yet uncertain because of the opposition of some political factions in Japan, it is conceivable that a party dictatorship will be established to replace the present nominal parliamentary form of government. In Japan's international relations, the movement is also of importance because Japan will be drawn closer to the European Axis Powers and may take an active part in the present European conflict by creating distrubances in the South Seas islands. Therefore, the single-party movement in Japan deserves close attention.

Meanwhile, there is a recrudescence of intense Japanese diplomatic activity abroad, particularly in Italy and Germany. On June 21, Naotake Sato, Japanese Envoy Extraordinary and Ambassador Plenipotentiary, and head of the Japanese Economic Mission to Italy, confered at length with Premier Benito Mussolini on unrevealed subjects. The mission of Mr. Sato to Rome was to negotiate a tripartite trade agreement between Japan, Italy and Manchukuo, which was concluded and signed in Rome on June 22. Following the signing of the pact, Mr. Sato and members of his mission left Rome for Germany where after a brief stay they would return home.

In announcing the conclusion of the Japanese - Italian - Manchukuoan trade agreement, the Japanese Foreign Office on June 21 stated that the new pact will facilitate the existing trade arrangements between the three countries and insure a steady flow of commerce between Japan and Italy despite the European war.

In a statement to the press regarding the Far Eastern situation, M. Matushima, newly appointed Japanese Minister to the Scandinavian countries, forecasted that belligerent operations in China would probably soon be terminated and that there might be surprising developments in French Indo-China in the nearest future. He revealed that Japan is now inaugurating a cultural propaganda in Europe with the object of promoting understanding for Japanese culture.

Political parties in Japan are also demanding closer relationship with the European Axis Powers. The Social Mass Party, in a petition to the Government, urged the intensification of Japan's foreign policy and the Dutch East Indies for the Power Axis, namely, Japan, Germany and Italy. The petition demanded that Japan break off relations with the United States and Great Britain immediately and to carry out a positive policy against French Indo-China and the Dutch East Indies for the establishment of a Far Eastern economic bloc.

The Minseito Party presented a similar demand urging the political and economic union of all countries of the Far East and the South Seas under Japanese leadership. The Minseito Party, according to a *Transocean* message from Tokyo, thus joins the recently voiced demands of the totalitarian parties for a more vigorous Japanese foreign policy.

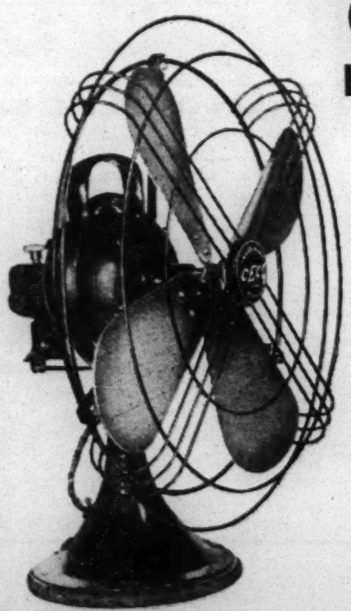
### Kao Heads Kiangsu Regime

Nanking and Peiping politics furnished several items of interest. Kao Kuan-wu, "Mayor" of Nanking, was appointed last week Chairman of the puppet Kiangsu Provincial Government. Tsai Pei, Vice-Minister of Industry and Commerce of Nanking, was named Kao's successor as the "Mayor" of Nanking.

Wang Keh-min, deposed head of the North China regime, who visited Tokyo last week, returned to Peiping on June 23. Wang was recently appointed supreme advisor to the North China Political Commission.

Another puppet to receive appointment in the Peiping regime was Ho Feng-lin, formerly Garrison Commander of the Shanghai-Sungkiang Area, who was made commander of the military guards of the North China Council.

Hialmar Collin, the new Danish Minister to China, presented his credentials to President Lin Sen of the National Government on June 18, it was reported from Chungking.

"CECO"
ELECTRIC FANS
HAVE EVERYTHING

- BEAUTY
- QUIETNESS
- EFFICIENCY
- LONG LIFE

China Electric Company
LIMITED
INC. IN U.S.A.
230 Medhurst Road, Shanghai Telephone 34325

# Outstanding Events in the Sino-Japanese War A DAY-TO-DAY SUMMARY

*First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th (1937) issue of The Review.*

**May 21**

Japanese planes in three groups bombed Chungking and Liangshan last night and this morning. The air raid alarm in Chungking lasted two hours. Chinese reports claimed that seven Japanese planes were shot down yesterday by Chinese fighters in an aerial engagement above Liangshan.

Headed by Chen Kung-po and Chu Min-yi, President of the Legislative Yuan and Vice-President of the Executive Yuan respectively, a delegation of 22 officials representing the puppet Nanking regime arrived in Tokyo "to offer thanks to the Japanese Government for the recent dispatch to Nanking of Gen. Nobuyuki Abe as Japan's special envoy."

Chen Yao-tsu, brother-in-law of Wang Ching-wei and head of the puppet Kwangtung Provincial Government, declared that the chief problem facing his administration is to pacify the Cantonese.

More than 13,000,000 inhabitants of Manchuria have become opium addicts, according to a report issued by the China Information Committee quoting official Japanese estimates.

*
**

**May 22**

Japanese bombers for the fourth night in succession raided the suburbs of Chungking last night and this morning. Five groups of Japanese planes attacked the wartime capital for four hours and a half. One Japanese plane was shot down by Chinese fighters.

Despite violent Chinese attacks, the Japanese troops entrenched in the southern portion of the city of Sinyang, in southern Honan, were still resisting, according to Chinese field dispatches. Complete Japanese withdrawal from Sinyang expected by the Chinese shortly.

*
**

**May 23**

Tsaoyang, strategic city in northern Hupeh, claimed recaptured (yesterday) by Japanese forces. Siangyang and Fancheng on the Hupeh-Honan border severely bombed by Japanese aircraft. Despite heavy Japanese air raids, Chinese troops in the upper valley of the Han River Counter-attack the Japanese and succeeded in driving them back to Tsaoyang from Fancheng.

The proposals made on May 20 by Rear-Admiral Seiji Takeda, Commander of the Japanese Naval Landing Party in Shanghai, urging the withdrawal or disarmament of foreign forces in Shanghai, were explained by the Japanese Navy Office spokesman in Tokyo. The spokesman said that the proposals were made on the basis of a Japanese contention for the effective prevention of untoward incidents which might occur in Shanghai, as a repercussion arising from the possible extension of the European war.

Should Japan attack the Netherlands East Indies, the United States will "enforce an economic embargo against the Tokyo Government," Dr. Lin Yutang, noted Chinese author, told the press in Chungking. Dr. Lin, accompanied by his family, arrived in Chungking by air from Hongkong.

A large Japanese naval force now being concentrated on Hainan Island, a Chinese military spokesman in Chungking revealed. He offered no explanation of the Japanese move.

Chen Kung-po, head of the Nanking Mission to Tokyo, received by the Japanese Emperor.

*
**

**May 24**

Military quarters in Chungking denied the Japanese report that Fancheng, important city in the upper valley of the Han River in northern Hupeh, had been captured by the Japanese. The city said still in Chinese hands despite furious Japanese attacks.

Japanese troops counter-attacking Sinyang, (southern Honan), a major portion of which has been captured by the Chinese.

The export of gold and gold objects will be rigidly prohibited, according to new regulations promulgated by the Chinese Government yesterday.

*
**

**May 25**

Some 2,500 Japanese troops reported killed or wounded in a battle yesterday in the southwestern outskirts of Tsaoyang, Chinese field dispatches announced. More than 30,000 Japanese were now resisting the Chinese attacks on Tsaoyang.

Reports from Japanese sources of the death of Gen. Mao Tse-tung, the Chinese Communist leader, were denied by the 8th Route Army's Chungking Headquarters. Gen. Mao said active and well in Yenan.

*
**

**May 26**

More than 200 civilians were killed and many buildings demolished when 71 Japanese planes bombed the suburbs of Chungking this afternoon. The raid described as the most disastrous since May 4, 1939. Many public buildings, including the Futan Middle School (formerly in Shanghai), the **Central Daily News Office** and the printing house of the **Kuo Min Kung Pao** were destroyed by direct hits.

Dr. Lin Yutang received by Generalissimo Chiang Kai-shek and discussed with him the national and international situations. Dr. Lin praised Gen. Chiang for his "foresight and calmness" and said that after talking with Gen. Chiang, "one feels assured that China will win."

*
**

**May 27**

Five hundred civilians reported killed and wounded as more than 100 Japanese planes heavily bombed Chungking's suburbs for a radius of 15 miles. The raid lasted two hours from noon to 2 p.m., despite heavy fire by Chinese anti-aircraft batteries. Two Japanese planes were shot down yesterday when Japanese bombers raided Hochwan, 70 miles north of Chungking, and other up-river towns, in Szechwan.

Formation of an "Inner Cabinet" of the Japanese Government announcecd in Tokyo. The new organ composed of the premier, the war, navy and foreign ministers, is to handle diplomatic and military questions arising from the formation of a new Chinese government in Nanking and the rapidly changing international situation.

OLING
DISINFECTING FLUID
亞林防疫水臭
增進健康

防疫消毒
INTERNATIONAL DISPENSARY, LTD.
SHANGHAI

## Who's Who in China

Sung-Wuan Tung, economist and Public accountant; born at Ningpo, Chekiang, Jan. 26, 1902; B. B. A. University of Washington, 1921, majoring in foreign trade and banking; M. C. S. New York University (majoring in accounting), 1922; member of Pan Xemin Society; staff

董遜瑗字伯蓮

**Sung-Wuan Tung**
**(Tung Hsuan-yuan)**

member of Foreign Exchange Dep't of Irving National Bank; Prof. of foreign trade of Fuh Tan University, Great China University and Dean of Business School of Chi-Tse College, Shanghai; Manager of the Land Bank of China, Tientsin, and of the Kiangsi Agricultural Bank; expert in Income Tax Administration Office, Kiangsi Branch; expert in Bureau of Accounting, Chekiang Provincial Gov't; now economic adviser to the Fukien Provincial Gov't and concurrently Manager of the Chekiang Branch of the Fukien Provincial Trade Bureau; author of "Economic Geography of the World," "War Economy," and "Readjustment of China's War Trade." address: P.O. Box 60, Lishui, Chekiang.

## Fire Guts Tokyo, Nanking Government Buildings

Thirteen Japanese government offices in Tokyo, including the Finance Ministry, were destroyed by fire Thursday night June 20 when, it is believed they were struck by lightning bolts. Two persons were killed and 108 injured in the blaze. The first to go was the Aeronautics Bureau of the Communications Ministry. Fanned by a strong wind the flames spread rapidly to other government offices most of them old wooden structures built following the 1923 earthquake. The Manchurian Affairs Bureau and the Planning Board of the Cabinet as well as the newly built Revenue Superintendent's Office and the annex of the Welfare Ministry were among those gutted. All important state papers were recscued it was reported.

Earlier the same week, June 15, another mysterious fire razed the French Embassy on Sanpai Road at Nanking. Local Chinese and Japanese and Japanese brigades extinguished the flames in about two hours.


**THE ONLY CARBON PAPER MADE IN CHINA**

TRADE MARK

MIDLAND carbon paper may be ordered to suit every purpose, for handwriting or typewriting, in any size and color.

The regular size of MIDLAND carbon paper is 8½ inches by 13 inches in five different colors including violet, blue, black, green and red.

*Obtainable at all bookstores and stationery shops.*
*For special orders communicate with*

**CHINA MIDLAND FACTORY**

*ESTABLISHED IN 1935*

MANUFACTURERS OF CARBON PAPER, STENCIL PAPER, PASTE, MUCILAGE, PENHOLDERS AND INK.

48 Rue Admiral Bayle, Shanghai, China
Phone 86734
Cable "5796"

*"via Globe"*

GLOBE WIRELESS LTD., will meet you more than halfway on any and all problems in communications.

Ask the man who insists upon "via GLOBE."

GLOBE WIRELESS LTD.,
Shanghai.

Head Office: San Francisco, Calif., U.S.A.

# Men and Events

C. J. Chancellor, general manager of *Reuters* news service, who arrived in Shanghai from London last week on a tour of the Far East, has gone to Tientsin.

*

A. P. Finch, former assistant editor of *The North-China Daily News*, has gone to Hongkong where he will be connected with the British Ministry of Information.

*

George H. Lynott, vice-president of the American Bank Note Company, returned to Shanghai from Hongkong on June 23. He was accompanied by Mrs. Lynott.

*

Dr. Chin Pao-shan was appointed Director of the Chinese National Health Administration of the Chinese Government, according to *Kuomin* report from Chungking on June 22.

*

Mrs. C. J. Spiker, wife of the U.S. Consul-General at Hankow, arrived in Shanghai last week and after a brief visit here will proceed to Peitaiho for the summer. Mrs. Spiker is accompanied by her young son and while in Shanghai they were guests of Judge and Mrs. Milton J. Helmick.

*

J. F. Rhame, general manager of the China Electric Company, was married on June 5 at Reno, Nevada, to Miss Florence Shamlin of Milton, West Virginia. Miss Shamlin previously resided in Shanghai. Mr. and Mrs. Rhame are expected to return to Shanghai shortly.

*

Leighton Shields, U. S. District Attorney at Shanghai, departed for the United States on leave on June 23. He was accompanied by Mrs. Shields and their two children, Mary and Leighton, Jr. They plan to remain in the United States for several months on leave.

*

Walter H. Judd, former general secretary of the Shanghai Navy Y.M.C.A. delivered an address on the subject, "What Is Behind the Conflict in the Far East," before the members of the Common-wealth Club, Berkeley, California, on May 23. The address was also broadcast over the radio. Mr. and Mrs. Judd departed from Shanghai recently after a residence here of several years.

*

Two well known American newspaper correspondents, Ralph Barnes and Russel Hill, both connected with the New York *Herald-Tribune*, were ordered to leave Germany (June 22) within 24 hours. Previously the Nazi authorities had refused to permit the two men to attend the official press conferences in Berlin. The cause of the Nazi displeasure were dispatches sent to America referring to Stalin's occupation of the Baltic countries and the apprehension and indignation created in Berlin by the Soviet leader's action. The Germans charged that the dispatches "were designed to create trouble between Germany and friendly states." The Soviet Government later issued a statement reiterating its deep friendship for Germany.

The representative of the *International News Service* at Istambul, Turkey, Mr. O'Brien, was ordered expelled from the country, according to a message by the German *Transocean* service from Istambul on June 24. No reason was given for the expulsion, but the German correspondent stated, "It is assumed here that he had to leave Turkey owing to alleged tendentious writing." Mr. O'Brien also represented the London Daily Telegraph.

*

Dr. Cordt, press attache of the German Embassy, was host on Monday, June 24, at a showing of a German war film, following which a buffet luncheon was served. The function was given at the German School on Great Western Road. Members of the staff of the German *Transocean* news service, were hosts at a cocktail party for members of the local press on the evening of Friday, June 21.

*

Dr. Albert Einstein, noted German scientist, who has been residing in the United States since the Nazi expulsion of Jews from Germany and Austria, has become an American citizen. He took his final examination in citizenship on June 23. He stated at the time that he fate of the human race 'is dependent upon American moral strength." Dr. Einstein was responsible for the "Theory of Relativity," which puzzled scientists all over the world. He was forced to flee from Germany in February, 1933, when the German authorities confiscated his property.

Yu Ya-ching, well known Chinese merchant and ship owner, for many years a member of the Municipal Council of the International Settlement, celebrated his 74th birthday on June 23. He was guest of honor of the Chinese Seafaring Men's Club on Canton Road at dinner, the guests present including some 100 relatives and close friends. Mr. Yu is well known as a philanthropist and is now working on a plan to raise $1,000,000 for importing rice into Shanghai from Saigon for the purpose of relieving the local shortage.

*

Gen. Smedley Darlington Butler, who commanded the U. S. Marine forces in Shanghai in 1927 and who had previous experience in the Boxer Rebellion in 1900, died in Philadelphia on June 21. He was 59 years old. He ran away from home at the age of 16 and misrepresenting his age joined the U. S. forces in the Spanish-American War. After service in Cuba he was transferred to the Philippines, where he also saw service, and later participated in fighting in Haiti and in France in the World War. In 1924-1925 he was appointed director of Public Safety in Philadelphia and waged bitter war on bootleggers and crooked politicians. His activities led to a political crisis and his dismissal by the Mayor. He then returned to the Marine Corps and after service in China became commanding officer of the Marine Base at Quantico, Virginia. Gen. Butler was of the Quaker faith and after his retirement a few years ago became an ardent pacifist.


CYMA WATCHES

Known the World Over For Quality and Accuracy

Obtainable at All Leading Watchmakers and Department Stores

*Sole Agent:*

FAR EASTERN CLOCK & WATCH CO.

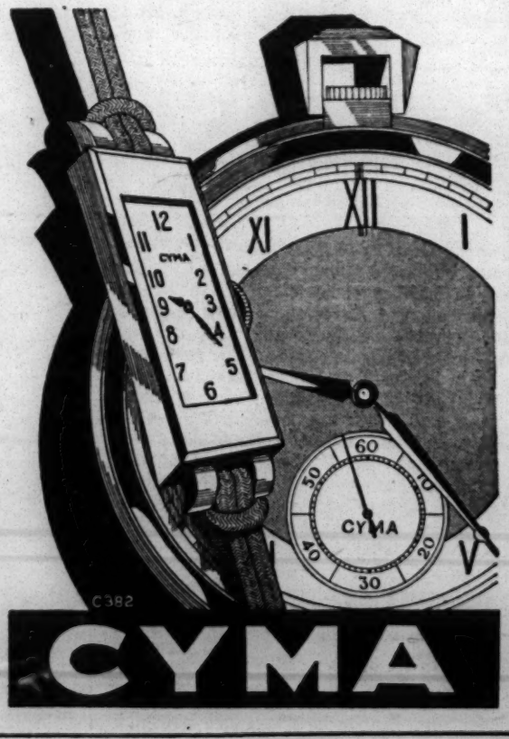
537 Nanking Rd., Shanghai

Tel. 92765

西姆表 世界馳名 準確無誤

中國總經理 遠東鐘表行 南京路五三七號 電話 九二七六五

各大鐘表行及百貨公司均有出售



The Nanking Commercial and Savings Bank, previously a branch of a bank of similar name in Nanking, prior to the Japanese occupation of the Chinese capital city, closed its doors last week and a report submitted to the First Special District Court disclosed that it had only $600 in its vaults. It was alleged that the institution had $1,000,000 in deposits, which had disappeared. A notice posted on the front door stated that the manager, sub-manager, department heads and chartered accountant, had failed to show up, making it necessary to close the doors. The police authorities stated that the managers could not be found.

•

Richard P. Butrick, acting U. S. Consul-General, was elected President of the American University Club at the annual meeting of the organization held at the American Club on Friday, June 21. The retiring President Wm. Z. L. Sung, presided. Aside from the report of the Secretary, Alfred S. Lee, Judge Milton J. Helmick, a former president of the club, spoke on the accomplishment of the organization. Referring to the conflict in Europe he expressed regret that "the fruits of science were yielded to the unworthy, who were misusing them." Other officers elected included Dr. Yen Te-ching, Vice-President; T. F. Wei, Secretary; Bruce M. Smith, Treasurer. The Executive Committee includes, George Bourne, T. K. Ho, Dr. R. J. McMullen, Horace H. Smith and T. T. Zee.

•

Clifford Day, correspondent for *United Press* at Amsterdam, was awarded a silver plaque for excellence of foreign news reporting by the National Headliners' Club at its annual convention at Atlantic City, N. J. on June 22. Mr. Day was honored due to his "scoop" on the German invasion of Netherlands. The award in 1938 was won in 1938 by John Morris, correspondent for United Press at Shanghai for his first-hand account of the Nanking Road bombings at the beginning of the Sino-Japanese hostilities. Reynolds Packard, another *United Press* correspondent, was in Shanghai during the Sino-Japanese hostilities, was awarded the silver plaque for his coverage of the German occupation of Czechoslovakia in 1938.

•

Americans in Shanghai will observe their national holiday, July 4, in traditional manner—despite wars and rumors of wars—by holding a Flag Raising at 8:30 a.m., which will be presented flags by Consul-General and Mrs. Richard P. Butrick. The members of the American Club will be hosts to their friends of other nationalities from 12:30 to 2 p.m. At 3 p.m. there will be the usual baseball game between the U. S. Marines and the Shanghai Team, and at 5 p.m. there will be a polo game between two American teams. The festifities will close with a buffet supper and party at the Columbia Country Club at 9 p.m. The various functions will be under the aspices of the American Association, of which Dr. R. J. McMullen is Chairman.

Pan-American Airways announced in New York on June 23 that a weekly service between San Francisco and Australia—a distance of more than 8,000 miles—will be inaugurated in July this year. A daily service between New York and Argentine also will be inaugurated at the same time. Officials of the Company stated (*Havas* report), that the new services constituted the first step in President Roosevelt's program to develop closer economic and military defense plans for the western hemisphere.

•

Mrs. Doris Louise Jones, wife of Lester C. Jones of the Standard-Vacuum Oil Company, died at the Country Hospital on June 8, following an operation. Mrs. Jones was 40 years of age and was well known here. She had been ill for some time. Funered services were held on Monday, June 10, at the Kiaochow Road Chapel. Mrs. Jones is survived by a daughter, Mary Alice Jones, who resides at Winchester, Indiana.

•

G. W. Missemer, former member of the editorial staff of *The China Weekly Review*, who went to the United States with his wife and son two years ago, has returned to the Far East and is now in Japan, according to letters received in Shanghai. He stated that he represented a firm which manufactures printing machinery and following inspection of conditions in Japan he planned to proceed to Manila ad later will visit Shanghai.

Poul Scheel, Danish Consul-General, will serve as Senior Consul and Chairman of the Local consular body in the absence of Com. L. Neyrone, Italian Consul-General, who departed on June 25 for a brief vacation at Peitaiho. Judge R. Rapex of the Italian Consular Court will serve as Acting Consul-General in the absence of Com. Neyrone.

•

The well-known *Newsweek* magazine (New York) reported in its issue of April 29 that Japan's failure to obtain control of the International Settlement in the recent election was not due to the efforts of the foreign voters who overwhelmed the Japanese voters, "but to sabotage on the part of Japanese Army officers who find the foreign banks in the Settlement ideal places for the deposit of their graft." The report alleged that there was no doubt that Japanese graft is "colossal," citing as proof the fact that Japanese military officials permitted the export of most of China's tea crop last year "upon payment of 40% of the sales price to Japanese Army and Navy officers." It was claimed that if the Army and Navy officers remitted their "profits" home they would be subject to taxation, hence their practice of depositing the money in private accounts in the foreign banks. Should the Settlement be taken over by the Japanese, the Japanese Government would obtain control of the foreign banks it would naturally discover the secret accounts of Japanese Army and Navy officers and possibly confiscate the money.

THE SEA CAPTAIN'S SHOP are featuring the NEW PLAY SUITS, BEACH WEAR and SLACKS with the NEW MILITARY COATS. THIS COAT appears also as the favored wrap for the morning dress or swing skirt worn to RED CROSS work.

But the JUNE BRIDE centers their main interest. DAILY arrivals of these dainty and feminine ensembles, sets, white bags, old Chantille Lace kerchiefs, Jewelry and other Gagets that will make lovely gifts for the Bride's SHOWERS.

**THE SEA CAPTAIN'S SHOP**

Mrs. W. Tornroth
119 Nanking Road
27-C Central Arcade

Over Thos. Cook & Sons Phone 10206

Joseph Hollzer, member of the firm of S. E. Levy and Company, stock brokers, returned to Shanghai this week from a business trip to the United States.

*

Wong Yung-hui, Chinese real estate man, aged 58 years, was kidnapped by three armed Chinese on Great Western Road, on Sunday morning, June 22. Mr. Wong was on his way to the Great Western Riding Academy when he was stopped by the men. The kidnapping was not thought to be political.

*

Wiliam P. Hunt, head of the firm of William P. Hunt and Company, returned to Shanghai this week from an extensive trip to the United States. He was accompanied by Mrs. Hunt and their daughter June. They travelled to Shanghai aboard the President Coolidge.

*

Dr. Hugh Grant, recently appointed American Minister to Thailand, visited in Shanghai on Wednesday of this week. He was a passenger on the President Coolidge, enroute to Bangkok. Dr. Grant was formerly Minister to Albania and witnessed the Italian invasion and occupation of that country. Dr. Grant declined to discuss conditions in Albania, but said that disturbed conditions in Europe had caused him to predict the outbreak of the present war four years ago.

Ray Scott, photographer on the staff of *Life* was in Shanghai this week on his way to Hongkong and Chungking where he plans to make a series of pictures for his magazine.

*

The Italian authorities, according to a dispatch from New York on June 26, expelled from Italy two correspondents of the American magazine *Life*, which is connected with *Time* magazine. The dispatch stated the men were Mr. Cabhound, a writer, and Mr. MacAvoy, a photographer. The cause of the expulsion was an article the men had written allegedly "abusing" Gen. Grazini.

*

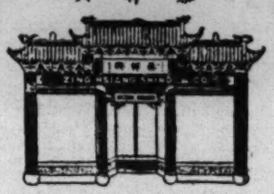
The *Hankow Herald*, Chinese-owned nationalist newspaper, previously published in Hankow, then moved to Chungking, where it was bombed out of existence by Japanese warplanes, has resumed publication at an unnamed place in the mountains of Szechuen, according to dispatch from Chungking on June 21. An editorial in the first number, after resuming publication, said that Japan "would hardly dare seize British and French possessions in the Far East because the Japanese would not feel sure which would come out victorious in the end. The paper doubted Japan's ability to occupy any more continental territory, although "she might occupy some more ports."

CHILDREN THRIVE ON

Baby's Own Tablets, originated by a British medical child-specialist for the correction of infantile indigestion, constipation, vomiting, simple fever, restlessness, peevishness, worms and other minor health ailments of the young. Baby's Own Tablets are an invaluable aid when teething is troublesome as they settle the stomach, ease the pains and promote natural sleep. Obtainable at all chemists,

Baby's Own Tablets

SHANGHAI 興祥泰 TEMPLE



CHINESE PORCELAIN, ANTIQUES AND ART FURNITURE

ZING HSIANG SHING & CO.

198 Nanking Road. Tels.: 14717 & 13987

SHANGHAI

SWAN, CULBERTSON & FRITZ

*Investment Bankers and Brokers in Securities and Commodities.*

*Daily New York and London Stock Exchange Service.*

Sassoon House Telephone 11200

WHEN YOU THINK OF PAINT THINK OF CAMPBELL

PAINTS AND PAINT WORK

*Everything the best*

H. B. CAMPBELL

1344 Avenue Foch

corner Hart Road

Phone : 34360

All forms of LIFE INSURANCE and ANNUITIES written in all currencies.

Let us consult with you concerning your insurance problems.

OCCIDENTAL LIFE INSURANCE COMPANY

*"The largest American Life Insurance Company operating in China"*

P.M. Anderson & Co.
General Agents for China

113 Kiukiang Road
Shanghai

A.B.C. PRESS, SHANGHAI

Printing
in all its Branches

Your work should bear our imprint

# New Books of Interest in the Far East

## War and Masses

*EARL BROWDER TAKES HIS CASE TO THE PEOPLE; AMERICA AND THE SECOND IMPERIALIST WAR; WHOSE WAR IS IT?; SOCIALISM, WAR AND AMERICA; STOP THE WAR—Pamphlets By Earl Browder.*

*I DIDN'T RAISE MY BOY TO BE A SOLDIER FOR WALL STREET—By Elizabeth Gurley Flynn.*

*ROOSEVELT HEADS FOR WAR—By William Z. Foster.*

*BEHIND THE WAR HEADLINES—By J. Field.*

*THE WAR AND THE WORKING CLASS—By Georgi Dimitroff.*

*THE MEANING OF THE SOVIET-GERMAN NON - AGGRESSION PACT—By V. M. Molotov.*

*New York, Workers' Library Publishers, 1940. Pamphlets about 20 pages each. U.S. 1, 2, 3 cents each.*

The first five pamphlets by Earl Browder, General Secretary of the Communist Party in the United States, give the communist point of view in regard to what the communists describe as "the anti-soviet hysteria" and the "second imperialist war." The first deals particularly with Browder's sentence to four years in a Federful penitentiary on a charge involving violation of passport regulations. He interprets the court trial as an effort on the part of the American ruling class to prepare the country for war.

The other pamphlets all discuss the same thesis, namely, the position of the proletariat in the present war. The last is the full text of the speech by Molotov, then Chairman of the Council of Peoples Commissars and Commissar for Foreign Affairs, before the August 31, 1939 meeting of the fourth special session of the Supreme Soviet of the U.S.S.R. In the course of this speech he says, "Is it really difficult to understand that the U.S.S.R. is pursuing and will continue to pursue its own independent policy based on the interests of the peoples of the U.S.S.R., and only their interests?" "This pact..... narrows down the zone of possible hostilities in Europe and serves thereby the cause of universal peace."

## Philosophy

*THE PLACE OF A UNIVERSITY IN THE MODERN COMMUNITY—By the Right Honorable R. G. Menzies, P.C., K.C., M.P., LL.M., Melbourne, University Melbourne Press, 1939. 32 pages, paper. 1/.*

*SHOULD PHILOSOPHERS BE KINGS? A STUDY IN THE RELATION OF THE PHILOSOPHIC TO THE DEMOCRATIC WAY OF LIFE—By A. Boyce Gibson, B.A., M.A., Melbourne University Press, 1939. 43 pages, paper. 2/.*

This commencement address at Canberra University College in 1939 by the Rt. Honorable R. G. Menzies gives seven answers to the question implied in the title, The Place of the University in the Modern Community. When "barbaric philosophies of blood and iron are resurgent" it is a delight to find that a man in political life urges the university to hold fast to ideals which have been cherished through many generations. To these cultural purposes Mr. Menzies adds a new awareness of the university's function in the modern state. One cannot but feel the propriety of such an address from a man participating in public life. The literary mind and reference, the sense of humor, the balance of ideal and practical outlook is marked.

Following directly upon Mr. Menzie's dictum that "the university must serve as a liaison between the academician and the 'good practical man'" comes an excellent study by A. Boyce Gibson, Professor of Philosophy in the University of Melbourne. Here we have the application of the Platonic king-philosopher theory to the needs of the present day. Professor Gibson points out the striking similarity between the time of crisis in Plato's day and the general crisis of western culture today. His thesis is that the king-philosopher is a contradiction in terms, that in the democratic state the philosopher has his finest opportunity to influence society. There is an interesting discussion on the problem of the philosopher in the totalitarian state.

This is a valuable study of the entire philosophy which underlies democracy, and Professor Gibson strikes a hopeful note which we need today when democracy is threatened by partisan passion. Liberal culture is not, he says, "the fading flower of an epoch, but a law of life."

F.M.R.

## Potential Peril

*HONORABLE SPY—By John L. Spivak; Modern Age Books, Inc. New York; price 50 cents; 149 pp.*

"Honorable Spy," which is chiefly concerned with exposing sinister Japanese espionage activities on the Southwestern Pacific Coast of the United States, somehow falls short of creating any undue alarm in the mind of this reviewer at least.

Much of the so-called "sinister espionage activity" related consists in indescriminately photographing the landscape in the vicinity of important waterways, power plants or harbors. Presumably such photographs could readily be obtained from any American commercial photographer.

The author also goes into considerable detail to describe the eccentric if not sinister voyages of the Japanese fishing fleet off the California coast, charging that they are engaged in transporting small arms and ammunition to secret caches at points along the coast of Mexico and inland Mexican villages near the Mexico-California border. He also describes large Japanese landholdings in Mexico near the border which could readily be converted into air fields.

**Wake Up with A Smile!**

This isn't just another day for her—it is the promise of twenty four hours of life. Sound sleep has brought refreshing rest and she awakens eager to be up and about.

How do you greet the day?

The radiant health which enables you to wake up with a smile can only be enjoyed when the blood is pure, rich and plentiful for it is from the blood that all the nerves, muscles and innermost cells of every organ and tissue of the whole body derive the nourishment necessary to perform their functions.

If you are tired and gloomy at the beginning of a day look to the condition of your blood. Many thousands of women, and men too, have been restored to radiant health by the blood-enriching, nerve-strengthening effect of Dr. Williams' Pink Pills. Do not delay but begin taking them to-day. What they have done for others they can do for you.

**Dr. William's Pink Pills**

BRING RADIANT HEALTH TO MEN AS WELL AS WOMEN.

# In the United States Court for China

| | |
|---|---|
| In the Matter of the Estate of FREDERICK ROGERS GRAVES, Deceased. | Cause No. 4492<br>Estate No. 2371<br>Filed at Shanghai, China, this 21 day of June, 1940.<br>WILLIAM T. COLLINS<br>Clerk. |

**NOTICE**

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of Frederick Rogers Graves, deceased, to present the same with vouchers to the undersigned on or before the 30th day of December, 1940, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

M. P. WALKER

Treasurer, American Church Mission, 1305 Yu Yuen Road, Shanghai.

Collector under Letters Ad Colligendum.

# In the United States Court for China

| | |
|---|---|
| In the Matter of the Estate of FREDERICK ROGERS GRAVES, Deceased. | Cause No. 4492<br>Estate No. 2371<br>Filed at Shanghai, China, this 21st day of June, 1940.<br>WILLIAM T. COLLINS<br>Clerk. |

**NOTICE OF HEARING**

Pursuant to an order herein made notice is hereby given to all persons interested that the petition of M. P. Walker, Treasurer of the American Church Mission, for probate of the instrument purporting to be the Last Will and Testament of Frederick Rogers Graves, deceased, will be heard on Wednesday, September 4th, 1940, at 10 in the forenoon in the Court Room of the United States Court for China at Shanghai.

WILLIAM T. COLLINS
Clerk

United States Court for China.

Mr. Spivak quotes names, and street addresses of alleged Japanese spies in such intimate detail that one cannot help but believe that if the American Army secret service is in possession of half as much data as the author of "Honorable Spy" it would be able to take adequate measures to prevent the United States from conquest by an enemy working from within or close to our borders.

The author's repeated reference to the Nippon Yusen Kaisha as the Kaisha company ("kaisha" means company in Japanese) does not indicate that he has delved too thoroughly into things Japanese before writing his book on Japanese espionage in America.

V. K.

## Britain and Japan

*(Continued from page 170)*

5.—The British and Japanese Consuls-General in Tientsin shall appoint experts who, under the supervision of the Consuls-General, will assist them in the administration of this fund and will advise the existing Relief Committee in Peking as to the distribution of the food and other articles required for relief purposes. In addition to British and Japanese experts, experts of Chinese and French nationality and one expert of another nationality shall be invited to assist in this work.

**Question Of Currency**

C.—Currency:—

1.—The British Municipal Council will place no difficulty in the way of the use of Federal Reserve Bank currency within the Municipal Area.

2.—The British Municipal Council have decided to withdraw the licences of all exchange shops not established prior to 1939. Licences will not be issued to new shops unless they are vouched for by the Native Bankers Guild and have adequate capital. Licences will be renewable monthly.

3.—Any points of difficulty which may arise in connection with the application of the measures mentioned in the preceding paragraphs will be discussed locally between the British and Japanese Consuls-General.


# Constipated?

Constipation is frequently the cause of that languid feeling which makes the spring weather seem more trying.

To restore and ensure daily regularity, to activate the liver and correct biliousness, to aid digestion and revive the appetite and to banish depression, there is nothing better than Pinkettes. Try a dose to-night, you'll feel brighter in the morning. Chemists everywhere sell

**PINKETTES**

Laxative perfection.


# In the United States Court for China

| | |
|---|---|
| UNITED STATES OF AMERICA,<br>vs.<br>KARATZAS BROTHERS, FEDERAL INC., U. S. A., George D. Happer, Roy G. Allman and Emil S. Fischer, Trustees, Defendants. | Cause No. 4470<br>Civil No. 2349<br>Filed at Shanghai, China,<br>June 11, 1940.<br>WILLIAM T. COLLINS<br>Clerk. |

The object of this suit is to recover a judgment against the defendants for Federal income and excess profit taxes for the calendar years 1937 and 1938, aggregating $5,102.16, United States Currency, together with interest thereon at 6% from November 2, 1939, and to have judgment of condemnation of certain property of the defendant, Roy G. Allman, levied on under attachment issued in this suit to satisfy the plaintiff's claim.

IT IS THEREFORE, on this 11th day of June 1940, ordered that the defendant, Roy G. Allman, appear in this Court on or before the fortieth day, exclusive of Sundays and legal holidays, after the day of the first publication of this order, to defend this suit and show cause why said condemnation should not be had; otherwise the suit will be proceeded with as in case of default.

By the Court:
Milton J. Helmick,
Judge,
United States Court for China.


# NEW MAP OF CHINA

41 by 28½ Inches.
With Place Names in English and Chinese.

Comprehensive — Authoritative — Useful as Guide to Areas Where Fighting is in Progress or Threatened.

Shows in Entirety the Chinese Republic and the Japanese Empire.

**Ten Small Maps Attached:—** Showing Islands at the Mouth of Pearl River and in the South China Sea including Hainan Island, the Paracel Islands, Pratas Island and other Groups; Rivers and Lakes in Wuhan Area and along the Kiangsu-Chekiang Border; Peiping-Tientsin Area; Canton and its Vicinity; Nanking and Chungking.

*The Jih-Sin Geographical Institute, Publishers.*

Price $1.60 in China.
Price U.S.$1.00 Abroad.

*Send Postal Money Order or Check to*

*THE*
**CHINA WEEKLY REVIEW**
160 Ave. Edward VII, Shanghai.

BOOTS

# Is Voted Most Popular Comic Again!

- Three times readers of the Lexington (Kentucky) Leader have voted for their favorite comic character.
- Three times in succession they have chosen "Boots and Her Buddies," by Edgar Martin.
- The field included the top offerings of several feature syndicates.
- "Boots" has beauty, style, and a glorious zest for adventure.

*Read about Her*

*DAILY*

*excepting Sundays*

*in*

**The China Press**

6

**If you are SATISFIED**

**with**

# The China Critic

**(中國評論週報)**

WHY NOT GIVE YOUR RELATIVES AND FRIENDS

**THE SAME SATISFACTION?**

"BE A CRITIC BOOSTER"!

Subscribe Now! - - - - - - - Do It yourself!
"Subscribe to the Critic" - - - - Pass the word!

**Subscription Rates for one year**

(Including Postage)

China.....C.$10.00
Other Countries.....G.$5.00

**THE CHINA CRITIC**

**(中國評論週報)**

桂中樞 C. S. Kwei, *Editor* | 朱少屏 P. K. Chu, *Business Manager*

191 Carter Road, Shanghai, China Telephone 31164

SUBSCRIPTION COUPON

(In China)

*Send The China Weekly Review For*

☐ One Year (52 issues) at $22
☐ Two Years (104 issues) at $42
☐ Half Year (26 issues) at $12

(Two one year subscriptions to different individuals may be sent at the two year rate of $42)

*(Subscription rates in foreign countries appear on title page)*

TO

NAME .....
ADDRESS.....
.....

*

NAME .....
ADDRESS.....
.....

*

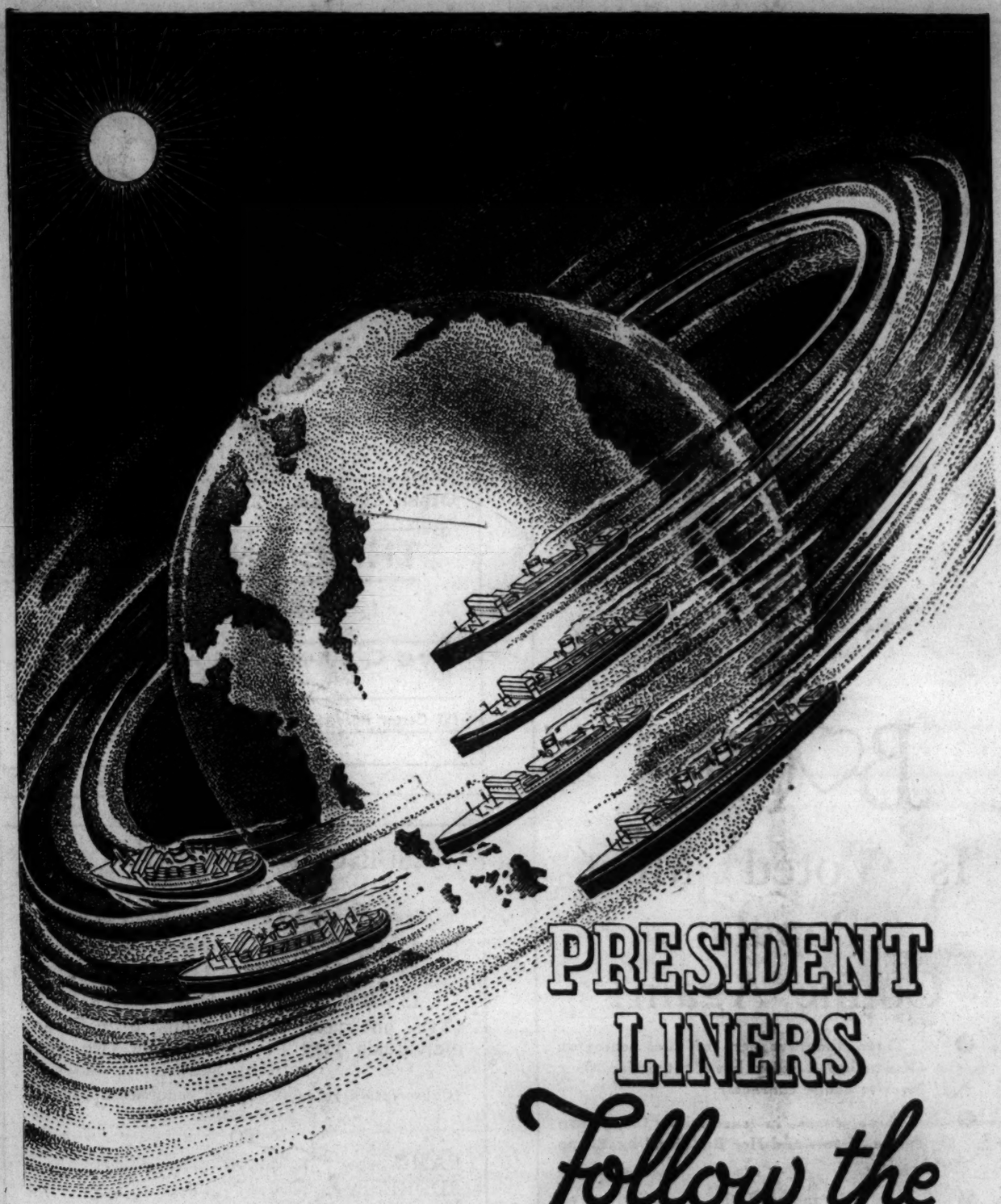
*And Send Bill To*

NAME .....
ADDRESS.....
.....

Mail This Coupon to

**The China Weekly Review**

160 Avenue Edward VII, Shanghai, China



PRESIDENT LINERS

*Follow the* SUN

AMERICAN PRESIDENT LINES

"ROUND-WORLD SERVICE"

中華郵政特准掛號認為新聞紙類

Registered at the Chinese Post Office as a newspaper for transmission with special marks privileges in China